



ECONOMIC CONTRIBUTION TO SOCIETY **2014**



Total tax contribution
Total employment & value added generated

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FOREWORD BY JØRN P. JENSEN



Jørn P. Jensen
Deputy CEO & CFO,
Carlsberg Group



The full extent of our economic contribution is larger than some might assume. Wherever we operate, we contribute significantly to society by creating jobs, growth and a range of government revenues.

Jørn P. Jensen
Deputy CEO & CFO, Carlsberg Group

The Carlsberg Group contributes to the economies of more than 40 countries in which we have operations, as well as to the additional 100-plus markets where we are present through licence and export agreements. The full extent of our economic contribution is larger than some might assume. Wherever we operate, we contribute significantly to society by creating jobs, growth and a range of government revenues.

In 2014, as a result of the production and sale of the Carlsberg Group's products we generated DKK 108.8bn in total government revenues directly and through related industries. We will continue to develop our business in a way that benefits the Carlsberg Group as well as the environment and society, upon which we depend for future growth.

The Group employs around 46,000 employees directly, and an additional 420,000 jobs are created within agriculture, hospitality and retail as a consequence of the production and sale of the Carlsberg Group's products. As a responsible business, we are clear on our global tax obligations, operating in full compliance with all local and international tax laws as well as OECD guidelines.

The Carlsberg Group encourages governments to adopt a consistent, fair and sustainable excise duty system, reflecting the brewers' sizeable contributions to society, and recognising that beer is a lower strength alcohol beverage. The benefits of such policies are widely recognised by nations as well as international organisations around the world.

This is the first report of its kind for the Carlsberg Group. Our wider economic contribution has been calculated with EY using a well-recognized methodology and KPMG has issued assurance on selected information in this report. It is based on existing accounting regulations and our own reporting, which is constantly under review, reflecting best practice and regulatory developments.

We hope that the information will be helpful to stakeholders with an interest in the Carlsberg Group and to those who wish to gain an enhanced understanding of the wider economic contribution of the Carlsberg Group.

We welcome feedback on this report to help us achieve our vision of growing responsibly.

Jørn P. Jensen,
Deputy CEO & CFO, Carlsberg Group

COMPANY PROFILE

The Carlsberg Group, headquartered in Copenhagen, Denmark, is the fourth largest global brewer with a presence in more than 140 markets.

We employ around 46,000 people directly and, taking into account jobs generated indirectly in related industries such as agriculture and hospitality, the Carlsberg Group generates jobs for more than 466.000 in total.

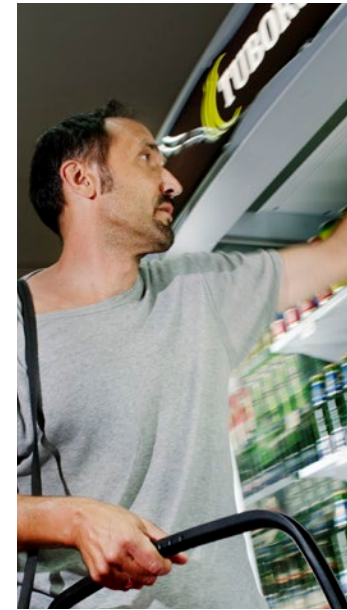
We have around 140 brands in our global portfolio and 500 including sub-brands – a strong combination of local power brands and international premium brands. Carlsberg is our flagship brand and one of the best-known beer brands in the world, while our portfolio also includes international premium brands such as Tuborg, Kronenbourg 1664 and Grimbergen, along with leading local power brands such as Baltika, Feldschlösschen and Beerlao.

Our business is centred in Western Europe, Eastern Europe and Asia, and we are a strong market leader in Northern and Eastern Europe. The rest of the world is mainly serviced through export or licence agreements.

Our strategy embraces the three aforementioned regions and revolves around: our strong portfolio of brands catering to consumers across our markets; our emphasis on being a customer-focused business; our unrelenting focus on efficiency and effectiveness; our commitment to being a socially responsible organisation; and, last but not least, our ability to retain and recruit highly skilled employees.



We have around 140 brands in our global portfolio and 500 including sub-brands – a strong combination of local power brands and international premium brands



NUMBER OF EMPLOYEES

46,067

TOTAL TAX CONTRIBUTION (DKK)

42.0bn

TOTAL VALUE ADDED GENERATED (DKK)

81.1bn

TAXES BORNE (DKK)

31.2bn

TOTAL EMPLOYMENT GENERATED

466,000

**TOTAL GOVERNMENT
REVENUES GENERATED (DKK)**

108.8bn



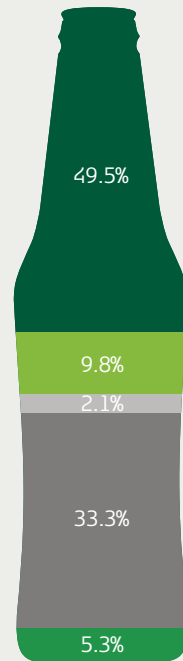
* Carlsberg Group's Economic Contribution to Society is calculated in cooperation with EY using a well-recognised methodology. More information on methodology can be found at www.carlsberggroup.com

ECONOMIC VALUE GENERATED

ECONOMIC VALUE GENERATED (DKK)

93.6bn

- **Operating costs**
DKK 46.4bn
- **Employee wages**
DKK 9.1bn
- **Providers of capital**
DKK 2.0bn
- **Taxes borne incl. excise duties**
DKK 31.2bn
- **Economic value retained**
DKK 4.9bn



Economic value generated

In 2014, directly generated economic value in the countries in which we operate totalled DKK 93.6bn. The economic value generated includes gross revenue, other income, financial income and income included in special items. Our contribution is distributed among our stakeholders – as operating costs to our suppliers, as wages etc. to our employees, as financial expenses to our providers of capital and as taxes to governments. The economic value retained is the profit used to finance dividends for our shareholders

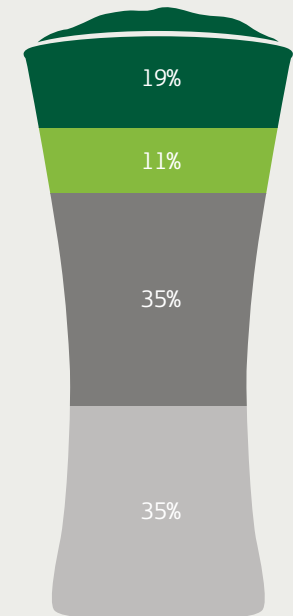
and the future growth of our business. The contributions in the five main areas are summarised in the figure.

The Carlsberg Group's taxes borne in 2014 were DKK 31.2bn, or one third of the economic value generated. The vast majority of our taxes borne are indirect taxes incurred through excise duties (approx. 86%), whereas the remaining 14% is incurred through direct taxes such as environmental tax, corporate income tax and social security contributions for employees.

TOTAL VALUE ADDED GENERATED (DKK)

81.1bn

- Carlsberg
- Suppliers (including agriculture)
- Retail
- Hospitality



Value added generated

Calculated with EY, using a well-recognised methodology, the value added by the production and consumption of the Carlsberg Group's products totalled more than DKK 81.1bn for the economies of the countries in which we operate.

In general terms, value added is the difference between the market value of the final product and the purchasing value of the goods and services acquired for its production. Our production and sales

facilities, as well as suppliers, hospitality and retail outlets, add value to the final product that is sold to consumers all over the world. Value added pays companies' tax liabilities and employees' wages, and rewards lenders and entrepreneurs for their investments. For the governments in the countries in which we operate, value added is the source of their VAT revenues.

EMPLOYMENT GENERATED



Direct employment

In 2014, the Carlsberg Group directly employed more than 46,000 people. Compared to 2013, when we employed approx. 40,000 employees, the number for 2014 is significantly higher due to the acquisition of Chongqing Brewery Co. Ltd in China.

The majority of our employees work at our production sites, which are often located in less populated local provinces. We employ a highly skilled workforce in areas such as sales & marketing, finance, production, procurement and logistics.

Total employment generated

In addition to the 46,000 employees directly employed by the Carlsberg Group, the Group also generates employment in related industries in connection with the production and sale of beer. The indirect contribution to employment is generated through suppliers in areas such as agriculture, packaging and logistics as well as induced employment in the hospitality and retail sectors. It is estimated by EY that the total indirect and induced employment created by the Carlsberg Group in 2014 amounted to approximately 420,000 employees. Including the employees directly employed by the Carlsberg Group, more than 466,000 people are employed due to

the production and sale of the Carlsberg Group's products. For every person employed by the Carlsberg Group, an additional 9 jobs are created in related industries.

Community engagement

J.C. Jacobsen, the founder of Carlsberg, built his company on the passionate and dedicated belief that the prosperity of Carlsberg was conditional on engaging with and giving back to society. That heritage guides our values and actions today and the legacy is kept alive through hundreds of local community engagement activities across the markets in which we operate majority-owned companies.

The employees of the Carlsberg Group all over the world make great efforts to integrate our CSR policies and initiatives into their local communities. In 2014, our majority-owned companies invested DKK 35m within their local communities, including in-kind donations such as free products to support charity events, direct financial contributions and cause-related marketing activities. Across the Group, 9,232 employees volunteered in 987 various local community activities (The Carlsberg Group CSR Report 2014, under Community Engagement).

NUMBER OF EMPLOYEES

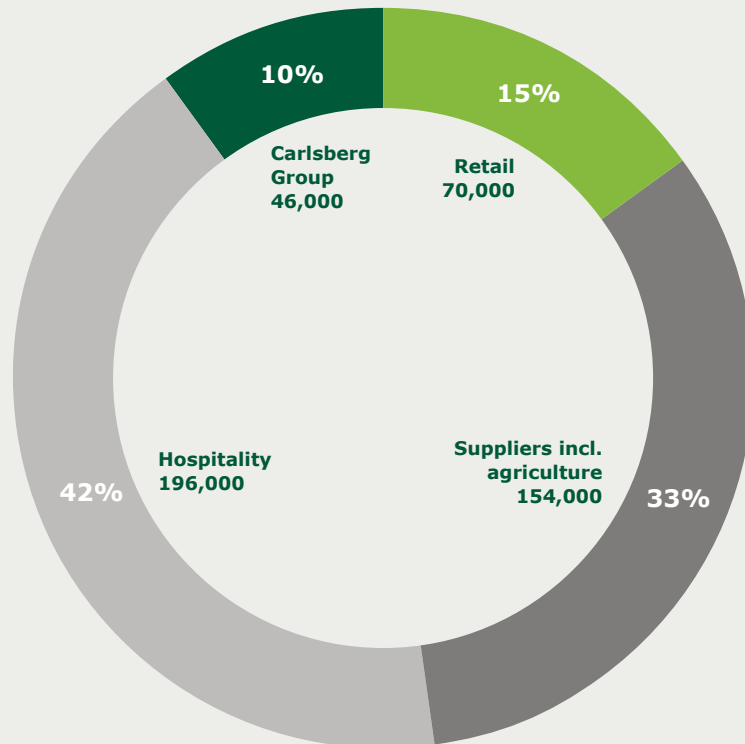
46,097

people directly employed

TOTAL EMPLOYMENT GENERATED

466,000

people employed in total due to the Carlsberg Group



ADDITIONAL JOBS CREATED



1 Carlsberg Group employee creates an **additional 9 jobs** in related industries



* Carlsberg Group's Economic Contribution to Society is calculated in cooperation with EY using a well-recognised methodology. More information on methodology can be found at www.carlsberggroup.com

TOTAL TAXES & GOVERNMENT REVENUES

The production and sale of the Carlsberg Group's products generate substantial revenue for governments worldwide.



42.0bn

Total tax contribution by Carlsberg (DKK)



108.8bn*

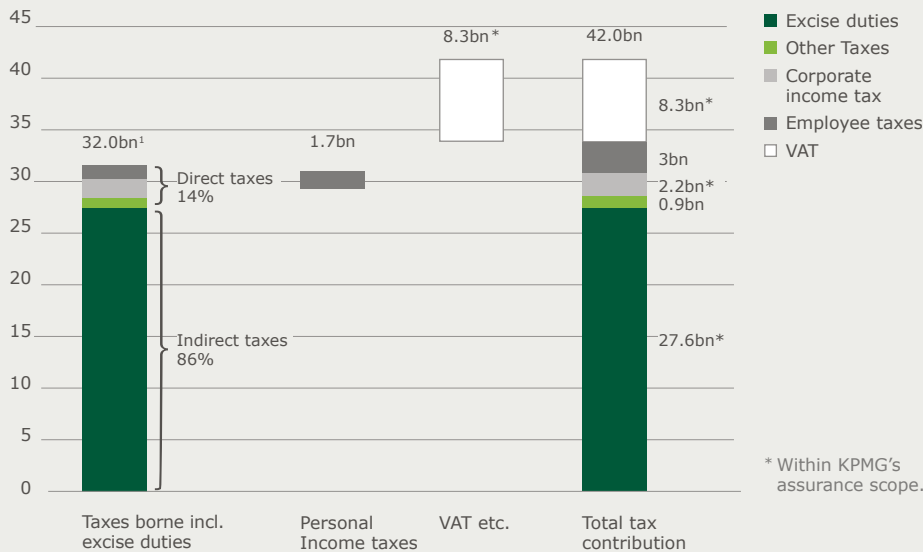
Total government revenues (DKK) generated by Carlsberg, suppliers, retail and hospitality.

* Carlsberg Group's Economic Contribution to Society is calculated in cooperation with EY using a well-recognised methodology. More information on methodology can be found at www.carlsberggroup.com

■ **Total tax contribution by Carlsberg**
39%

■ **Total tax contribution by suppliers, retail and hospitality**
61%

TOTAL TAX CONTRIBUTION (DKK)



Total tax contribution

In 2014, the Carlsberg Group's total tax contribution, comprising both taxes borne and taxes collected, amounted to DKK 42bn.

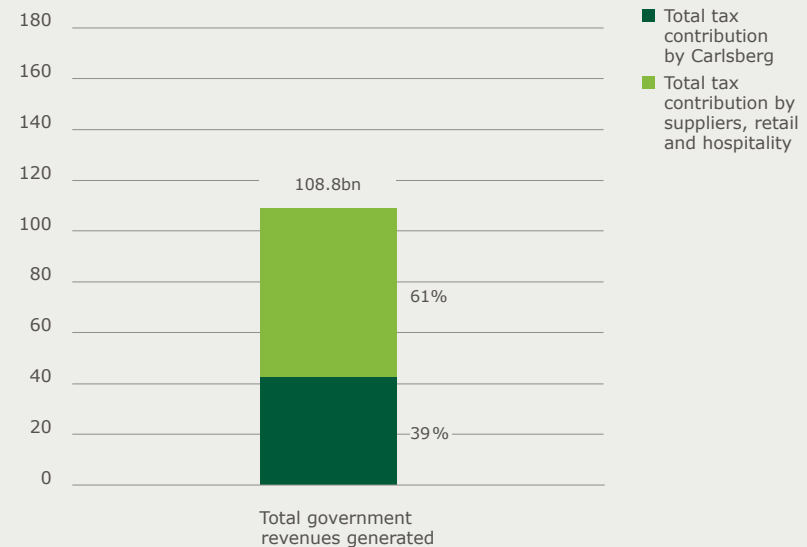
The vast majority of our taxes borne are indirect taxes incurred through excise duties, which totalled DKK 27.6bn. The remaining taxes borne, totalling DKK

4.4bn, are direct taxes such as corporate income tax (DKK 2.2bn), social security taxes (DKK 1.3bn) and other taxes like environmental tax etc. (DKK 0.9bn).

In addition to the taxes borne, we also collected taxes on behalf of governments, for example employee taxes (DKK 1.7bn), VAT (DKK 8.1bn) and other taxes (DKK 0.2bn).

¹ The difference of DKK 0.8bn to taxes borne in "Economic Value Generated" can be explained by periodic differences in taxes expensed and taxed paid.

TOTAL GOVERNMENT REVENUES GENERATED (DKK)



Total government revenues generated

The production and sale of the Carlsberg Group's products generate substantial revenues for governments worldwide. These revenues consist of VAT revenues, excise duties, corporate taxes, income-related taxes, social contributions and other taxes paid by workers and their employers

within the Carlsberg Group and in related industries such as agriculture, retail and hospitality. It is estimated by EY that in 2014, the Carlsberg Group generated DKK 108.8bn in total government revenues directly and through related industries.

APPENDICES

Tax charged in the financial statement 2014

Tax charged in the financial statements

In 2014, the Carlsberg Group reported an excise tax charge of DKK 27.1bn (income statement, page 64 of the consolidated financial statements) and a corporate tax charge of DKK 1.8bn (section 6 of the consolidated financial statements), giving a total tax charge of DKK 28.9bn as part of the taxes borne stated on page 5.

Corporation tax charge (financial statements disclosures)

The tax for the year for the Carlsberg Group for 2014 was DKK 1,748m of which DKK 2,250m was current tax charge expense and DKK 556m was a deferred tax credit. The total corporate income tax paid in 2014 was DKK 2,168m

DKK million	2014
Tax for the year can be specified as follows	
Current tax	2,250
Change in deferred tax during the year	-556
Change in deferred tax from change in tax rate	2
Adjustments to tax for previous years	52
Total	1,748

The tax paid differs from the corporation tax charge in the income statement mainly because of the timing of tax instalment payments.

Effective tax rate for the year

The tables show the reconciled corporate income tax change to the nominal weighted tax rate for the Carlsberg Group of 23.8% for 2014. The nominal weighted tax rate for the Group is calculated as domestic tax rates applicable to profits in the entities as a proportion of each entity's share of the Group's profit before tax. The effective corporate income tax rate for the Group is 26.1% for 2014.

Deferred tax (financial statements disclosures)

Deferred tax represents the timing differences that can occur when items of income or expense are included in the financial statements in different periods to those in which they are taxable or tax-deductible. Deferred tax assets and liabilities represent the tax effects of such timing differences that will occur in future periods. Deferred tax assets and liabilities are measured at tax rates that are substantively enacted at the reporting date.

The Group had a net deferred tax liability of DKK 5,675m in 2014. After offsetting balances within the same jurisdiction that are settled on a net basis, the amounts presented in the balance sheet are liabilities of DKK 7,105m and assets of DKK 1,430m.

Of the total deferred tax assets recognised, DKK 711m related to tax loss carry-forwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities. It is management's opinion that the tax loss carry-forwards can be utilised.

DKK million	2014
Deferred tax assets and deferred tax liabilities	
Deferred tax at 1 January, net	8,085
Adjustments to previous years	48
Recognised in other comprehensive income	132
Recognised in the income statement	-556
Change in tax rate	2
Foreign exchange adjustments	-2,036
Deferred tax at 31 December, net	5,675
Specified as follows	
Deferred tax liabilities	7,105
Deferred tax assets	-1,430
Deferred tax at 31 December, net	5,675

DKK million		2014
Reconciliation of the effective tax rate for the year	%	DKK m
Profit before tax		6,686
Nominal weighted tax rate for the Carlsberg Group	23.8%	1,590
Change in tax rate	0.0%	2
Adjustments to tax for previous years	0.7%	52
Non-capitalised tax assets, net movements	-1.7%	-116
Non-taxable income	-0.4%	-27
Non-deductible expenses	3.4%	230
Tax incentives etc.	-0.6%	-43
Special items	0.2%	14
Withholding taxes	2.1%	141
Other and tax in associates	-1.4%	-95
Effective tax rate for the year	26.1%	1,748

APPENDICES

Independent assurance report

To the readers of this report

We were engaged by Carlsberg A/S to provide assurance on selected information in the Carlsberg Group Economic Contribution to Society 2014. Carlsberg A/S is responsible for the preparation of the report in accordance with the reporting criteria as specified in appendix tax contribution principles including the identification of material issues. Our responsibility is to issue an assurance report based on the engagement outlined below.

Scope and limitations

Our engagement was designed to obtain limited assurance on whether the following information is presented, in all material respects, in accordance with the reporting criteria:

- In the "Economic value generated" section, the following information for 2014: Taxes borne incl. excise duties, corporate tax paid and excise duty paid (page 6).
- In the "Tax charged in the financial statement 2014" section, the following information for 2014 corporate taxes: Total for corporate income tax charge, effective tax rate and specification of deferred tax (page 11).

We do not provide any assurance on the achievability of Carlsberg's objectives, targets and expectations.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those to obtain a reasonable level of assurance.

Reporting criteria and assurance standard

Reporting criteria are specified in appendix Tax contribution principles. For the information covered by our engagement scope Carlsberg applies criteria as detailed in annex 1. It is important to view the assured information in the context of these criteria. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This Standard requires, among other things,

that the assurance team possess the specific knowledge, skills and professional competences needed to provide assurance on sustainability information, and that they comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure their independence.

Work undertaken

Our procedures included the following:

- Reviewing the suitability of the reporting criteria.
- Evaluating the design and implementation of the systems and processes for the collection, processing and control of the selected information.
- Inquiries to the relevant employees at Carlsberg A/S responsibilities and carrying out internal control procedures of the selected information.
- Evaluating internal and external documentation, based on sampling, to determine whether the selected tax information is supported by sufficient documentation and evidence.
- An analytical review of the selected tax information for the individual consolidated entities.

- Reconciliation of selected tax information with the audited consolidated financial statements of Carlsberg A/S.
- Obtained representation letter signed by management and the responsible employees.
- We also read other information included in the report on Economic Contribution to Society 2014 that contains the selected information and our report thereon in order to identify material inconsistencies, if any, with the selected information.

Conclusion

Based on the procedures performed, as described above, nothing came to our attention to indicate that the selected information is not presented, in all material respects, in accordance with the reporting criteria.

Copenhagen, 2 March 2015
KPMG
Statsautoriseret Revisionspartnerselskab

Mike Maloney
Certified Public
Accountant

Henrik O. Larsen
State Authorised
Public Accountant

APPENDICES

Tax contribution principles

Basis of Preparation

General comments

This Basis of Preparation presents the scope and methodology of the collection and reporting of the data on tax payments used in the Carlsberg Group Economic Contribution to Society Report ("the Report").

The Report aims to provide readers with an overview of the total tax contribution to society that the Carlsberg Group (excluding associates) has generated during the year. The total tax contribution is defined as taxes borne and taxes collected by the Carlsberg Group.

The Basis of Preparation supports the data for taxes borne, taxes collected and total tax contribution included in the Report.

It is the responsibility of the Management of Carlsberg to ensure that appropriate procedures are in place to prepare reporting in line with this Basis of Preparation.

All data, unless otherwise stated, is prepared for the year from 1 January 2014 to 31 December 2014.

Data is collected for all companies that Carlsberg A/S controls. Control is obtained when Carlsberg A/S directly or indirectly owns or controls more than 50% of the voting rights in the subsidiary or has control in some other way. Subsidiaries that Carlsberg controls have reported 100% of their taxes borne and collected, and the full amount is included in the Carlsberg tax contribution.

Companies over which the Group exercises a significant influence, but does not control, are considered to be associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% but less than 50% of the voting rights. Data for associates is not part of the Carlsberg tax contribution.

Entities that, by agreement, are managed jointly with one or more other parties (joint ventures) are consolidated proportionately, and data is recognised in proportion to the ownership interest.

Entities acquired or formed during the year are recognised in the Report from the date of acquisition or formation. Entities that are disposed of or wound up are recognised in

the consolidated income statement until the date of disposal or winding-up.

The data includes a degree of estimation, as tax per entity is not reported in detail if a type of tax is below DKK 100,000 per year. Instead, taxes below DKK 50,000 are not reported, and taxes above DKK 50,000 but below DKK 100,000 are reported as DKK 50,000.

The data is reported by the entity in local currency in multiples of 1,000.

Scope of reporting and definition of key terms

"Tax" in this Report means any amount of money required to be paid to, or collected and subsequently remitted to, a government. Taxes have been reported by differentiating between taxes borne and taxes collected. The following sections provide the scope of the data presented in the Report.

Terms defined in Carlsberg's Annual Report 2014 are not described below.

Taxes borne and taxes collected are the taxes due in respect of an accounting period as defined in the IFRS, as adopted by the EU. Borne taxes paid and collected taxes paid, including excise duty paid, are included when cash is released from or received by Carlsberg.

Key term definitions

Economic value generated

Economic value generated comprises gross revenue, other income, financial income and income included in special items. Income recognised in other comprehensive income is not included.

Total tax contribution

Total tax contribution is the sum of borne and collected taxes paid to governments for the period from 1 January to 31 December. Amounts are included as paid when cash is released from or received by Carlsberg.

Operating cost

Includes cost of sales, sales and distribution expenses, administrative expenses, other operating expenses, expenses included in special items and share of profit after tax in associates, but excluding employee wages.

Employee wages

Include wages to employees excluding social security costs.

Providers of capital

Include financial expenses recognised in the income statement, but not financial expenses recognised in other comprehensive income.

Economic value retained

Consolidated profit after tax.

Current tax

The corporate income tax due in respect of taxable profit for an accounting period, as defined in the International Financial Reporting Standard IAS 12.

Deferred tax

The corporate income tax due in respect of temporary differences between accounting values and tax base, as defined in the International Financial Reporting Standard IAS 12.

Employee taxes

Include personal income taxes and social contribution for employees (borne and collected).

Government

The term government means any government body or nation, state, region or district.

Direct tax

A tax paid directly to a government by the person on whom it is imposed. Such taxes also include non-refundable VAT, non-recoverable withholding taxes, real estate tax etc.

Indirect tax

A tax required to be paid to a government by one person at the expense of another.

Scope of reporting

1. Borne taxes and excise duties

These are the taxes that Carlsberg is obliged to pay to a government on its own behalf, or taxes that Carlsberg is obliged to pay to a third party and that cannot be recovered from a government.

Corporate income tax

Corporate income tax comprises any tax on the business calculated on the basis of its profits, income or capital gains. Typically, these taxes would be reflected in corporate income tax returns made to governments and tend to become payable, and are paid, either in the year the profits were made or up to one year later, depending on the local tax rules as to timing of payments.

Excise duties (beer and soft drinks etc.)

Excise duties are indirect taxes on the consumption or the use of certain products (e.g. alcoholic beverages or tobacco). In contrast to value added tax (VAT), they are expressed as a monetary amount per quantity of the product.

Energy taxes (net, non-refundable)

Energy taxes comprise environmental taxes levied on the consumption of energy borne by companies' own supply of energy. Such taxes may include taxes on the consumption of electricity, oil, gas or coal.

Environmental fees

Environmental fees comprise additional environmental taxes that may apply depending on company operations. Such taxes may include other taxes and duties on the supply of goods and services that are potentially harmful to the environment and have not been included in the energy taxes.

VAT (non-deductible)

This comprises the non-deductible part of the value added tax, i.e. taxes that arise in relation to brewing or sale, which cannot be recovered from a government. The payment is borne by the company and not the consumers.

Real estate taxes

Real estate taxes comprise any property-related taxes, including property, land and estate tax (other than stamp duty, which is shown below). Typically, these taxes tend to become payable, and are paid, to governments throughout the year.

Withholding taxes on dividends, royalties, interest and professional fees

Withholding taxes comprise the final tax burden on payment of dividends, interest etc. after possible tax relief.

Transportation taxes

Transportation taxes comprise flight tax, petrol tax, registration duties and other taxes levied on the mobility of goods and employees.

Social contribution for employees

Social contribution for employees comprises the social security contributions levied on and borne by the employing company. Such contributions may include the employer's national insurance contributions, employment insurance tax, employees' provident fund, old-age, survivors' and disability insurance tax.

Stamp duties

Stamp duties comprise taxes that arise on transfers of assets or capital. Typically, these taxes would be reflected in stamp duty returns made to governments and tend to become payable, and are paid, to governments shortly after capital or assets have been transferred.

Other taxes

This category comprises all paid taxes which have not been included in the above categories.

2. Taxes collected

These are taxes not finally borne by Carlsberg, but Carlsberg bears an administrative burden for the collection of taxes. These taxes are, however, indirectly generated from Carlsberg's business activities and therefore part of Carlsberg's total tax contribution.

Personal income taxes

This comprises employee taxes withheld from employee wages and paid to governments, i.e. tax collected and remitted to governments on behalf of employees.

Social contribution withheld by the company

This comprises social contributions payable by employees to social security, private funded and unfunded schemes. Generally, the employment of staff requires the employing company to administer employees' social security contributions by deducting these from wages and salaries.

Withholding tax on dividend distributions made by Carlsberg A/S

This comprises taxes that are required to be withheld in advance on payments made to shareholders.

VAT

Value added tax, or VAT, is a broadly based consumption tax assessed on the value added to goods and services. It applies more or less to all goods and services that are bought and sold for use or consumption in certain geographic areas. This comprises the net VAT payable to a government, i.e. VAT on sales minus VAT on purchases.

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