

# ECONOMIC CONTRIBUTION 2016



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### SAIL'22 New strategy in 2016

An important event for the Carlsberg Group in 2016 was the launch of the Group's new strategy, SAIL'22. The ambition of the strategy is to make the Carlsberg Group a successful, professional and attractive brewer in our markets. Successful by delivering sustainable organic top- and bottom-line growth; professional by being the preferred supplier of our customers; and attractive by delivering value for shareholders, employees and society. More information on SAIL'22 can be found in the 2016 Annual Report.

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## FOREWORD BY OUR CEO

# Contributing to societies



**We hope that the information in this report will be helpful to stakeholders who wish to gain an enhanced understanding of the wider economic contribution of the Carlsberg Group.**

We pursue perfection every day. We strive to brew better beers; beers that stand at the heart of moments that bring people together. We do not settle for immediate gain when we can create a better tomorrow for all of us. Brewing for a better today and tomorrow.

This is the Carlsberg Group's purpose.

In addition to our pursuit for perfection, creating great beer for today and investing in science for tomorrow, we also contribute to a better society through our economic contribution.

The Carlsberg Group has brewery operations in more than 30 countries in Western Europe, Eastern Europe and Asia. Furthermore, we are present in more than 100 countries worldwide

through licence and export agreements. In all these markets, we create jobs, growth and a range of government revenues.

In this report, we provide information on our economic contribution to the societies in which we operate.

### Our economic contribution

At the end of 2016, the Group employed around 41,000 employees directly. Around 406,000 additional jobs existed in related industries, such as agriculture, hospitality and retail, as a consequence of the production and sale of our products.

Altogether, the production and sale of the Carlsberg Group's products generated around DKK 105bn 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 societies and economies upon which we depend for our future growth.

We hope that this report sheds more light on our total economic contribution, including our employment and growth contribution, and on our tax policy and tax contribution.

The data provided on our wider economic contribution is calculated by Regioplan based on a well-recognised methodology.

KPMG has issued assurance on selected information based on existing accounting regulations and our own reporting, which is constantly under review to ensure that it reflects best practice and regulatory developments.

### The Carlsberg Foundation

This report exclusively looks at the direct and indirect economic contribution of the Carlsberg Group.

In addition, in 2016 our major shareholder, the Carlsberg Foundation, donated more than DKK 575m to art, culture and basic research within the fields of natural science, the humanities and social science.

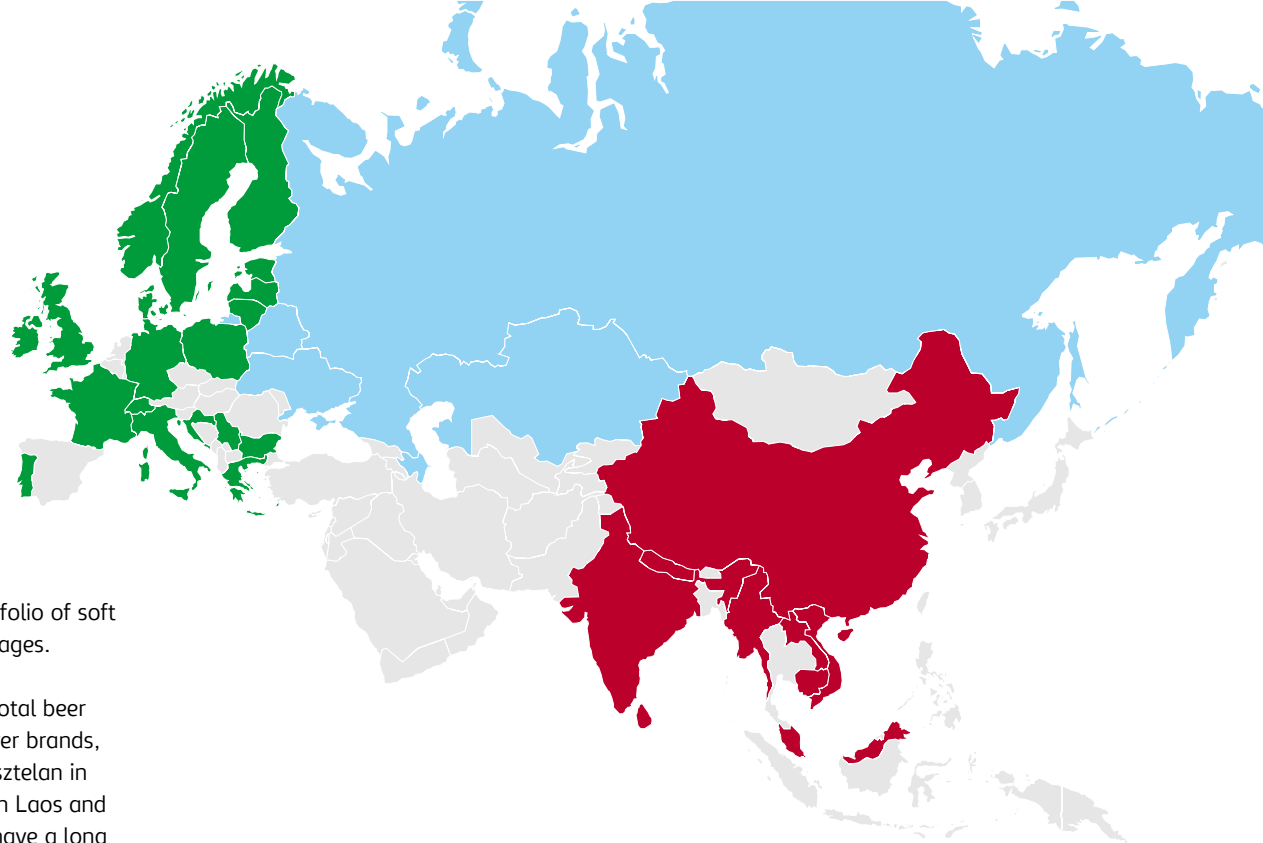
### Feedback

We hope that the information provided will be helpful to stakeholders who wish to gain an enhanced understanding of the wider economic contribution of the Carlsberg Group, and we welcome feedback on the report to help us improve our disclosure.

Cees 't Hart  
CEO

## COMPANY PROFILE

# A global brewer with a unique purpose



The Carlsberg Group is a global brewer with quality brews in more than 130 markets around the world.

### Who we are

Carlsberg is a leading global brewer employing around 41,000 people, primarily located in Western Europe, Eastern Europe and Asia. We are united by the same spirit that drove our founders to establish some of the most iconic breweries in the world and brew some of the world's greatest beers while generating jobs, growth and government revenues for local communities and national governments.

### Our portfolio

The majority of our business is beer, which accounts for approx. 85% of our total beverage volume. An important part of our purpose is to brew better beers that stand at the heart of moments that bring people together.

We have a strong portfolio of core beer, craft & speciality and non-alcoholic (NAB) brands.

In selected markets, we have a portfolio of soft drinks, water, cider and other beverages.

Our core beer accounts for 93% of total beer volumes and includes our local power brands, such as Kronenbourg in France, Kasztelan in Poland, Baltika in Russia, Beertoo in Laos and Chongqing in China. These brands have a long and proud history in their markets and enjoy high consumer loyalty.

Alongside the local power brands, the Carlsberg and Tuborg brands have a wider international reach, serving consumers in many markets around the world.

Our craft & speciality portfolio caters for most consumer choices and includes authentic craft brands such as Brooklyn, Jacobsen and Nya Carnegie, imported speciality brands such as Grimbergen and 1664, and craft-like line extensions of local brands such as Frydenlund IPA.

While still small, the NAB category is growing faster than the alcoholic beer market, and the

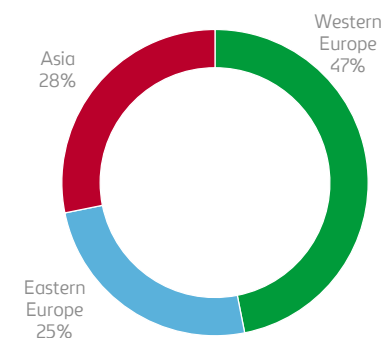
Carlsberg Group's share of the global NAB market is around 15%. Our strong NAB brands include Frydenlund in Norway, Nordic in Denmark, Baltika 0 in Russia and Ukraine, and Tourtel in France.

### Our geographic footprint

The Carlsberg Group has strong market positions in 24 markets across Western Europe, Eastern Europe and Asia. 74% of volumes are sold in these markets.

Outside our main regions, we service the rest of the world through export or licence agreements.

### Carlsberg Group volume split



## EMPLOYMENT GENERATED

# Creating direct and indirect employment

### Direct employment

In 2016, the Carlsberg Group directly employed around 41,000 people in our majority-owned businesses.

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

### Total employment generated

In addition to the employees directly employed by the Carlsberg Group, the Group also generates employment in related industries in connection with the production and sale of our products. Thus, for every person employed by the Carlsberg Group, an additional ten jobs are created in related industries.

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 that the total indirect and induced employment created by the Carlsberg Group in 2016 amounted to approx. 406,000 employees.

Including the people directly employed by the Carlsberg Group, approximately 447,000 people are employed due to the production and sale of the Carlsberg Group's products.

### Community engagement

Our founders built this company on the passionate and dedicated belief that the prosperity of Carlsberg was conditional on engaging with and giving back to society.

Our 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 sustainability policies and initiatives into their local communities. In 2016, our majority-owned companies invested DKK 33m within their local communities, including in-kind donations such as free products to support charity events, direct financial contributions and cause-related marketing activities.

Total employment generated

# 447,000 jobs



=

1

Carlsberg Group employee create an additional...



5

jobs in hospitality

+



4

jobs with suppliers, including agriculture

+



1

job in retail

**TOTAL VALUE ADDED**

# Generating value across the value chain

Significant value is generated by the production and consumption of the Carlsberg Group's products.

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.

Calculated by Regioplan using a well-recognised methodology, the value added by the production and sale of the Carlsberg Group's products in 2016 totalled DKK 86bn in our markets.

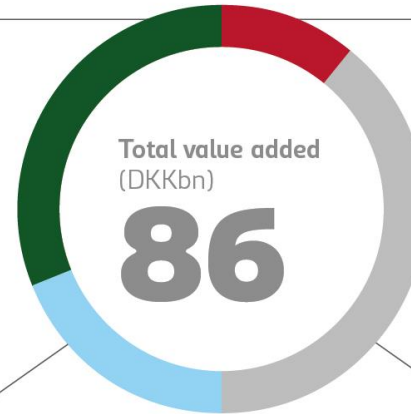
Our production and sales facilities, as well as suppliers, hospitality and retail outlets, add value to the final product that is sold to consumers all over the world.

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.



**31%**  
Carlsberg



**11%**  
Retail



**19%**  
Suppliers including agriculture

**39%**  
Hospitality



# ECONOMIC VALUE AND TAX CONTRIBUTION

Economic value generated (DKKbn)

# 91.2

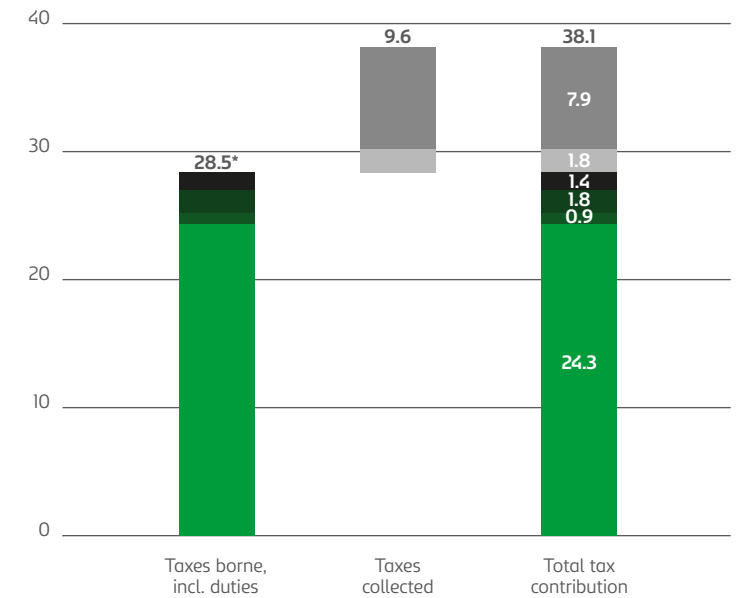


\* The difference of DKK 0.4bn between taxes borne in economic value generated and total tax contribution can be explained by periodic differences in taxes expensed and taxed paid.

In 2016, the economic value generated in the countries in which we operate totalled DKK 91.2bn. Our total tax contribution includes both taxes borne and taxes collected and amounted to DKK 38.1bn in 2016.

Total tax contribution (DKKbn)

# 38.1



- Excise duties
- Corporate income tax
- Personal income taxes
- Other taxes
- Social security taxes
- VAT



# Generating total government revenues of DKK 105bn

## Economic value

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, wages to our employees, financial expenses to our providers of capital and taxes to governments. The economic value retained is the profit used to finance dividends for our shareholders and the future growth of our business.

In 2016, directly generated economic value in the countries in which we operate totalled DKK 91.2bn. The distribution of this amount between six main areas is shown in the figure on page 7.

## Taxes borne

As also illustrated on the following page, taxes borne by the Carlsberg Group in 2016 amounted to DKK 29.0bn, or 31.8% of economic value generated.

The vast majority of our taxes borne comprises indirect taxes incurred through excise duties (approx. 85%), while the remaining 15% is incurred through direct taxes such as corporate income tax, social security taxes and other taxes (environmental tax etc.).

## Total tax contribution

In addition to taxes borne, we also collect taxes on behalf of governments, for example employee taxes, VAT and other taxes.

In 2016, the Carlsberg Group's total tax contribution, comprising both taxes borne and taxes collected, amounted to DKK 38.1bn.

The split of our total tax contribution is shown on page 7.

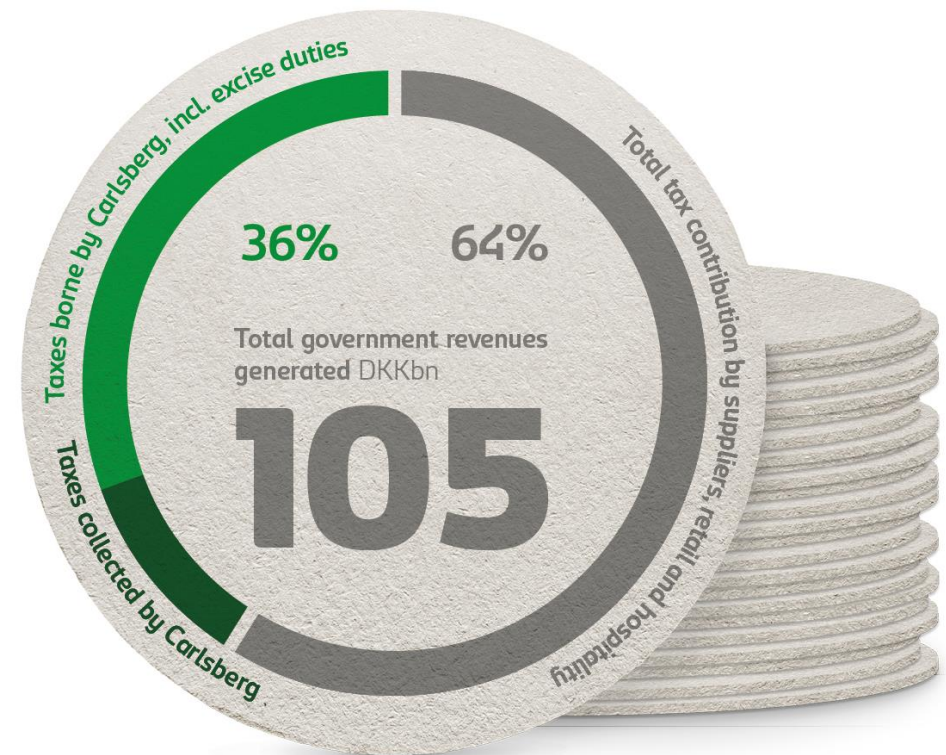
## Total government revenues generated

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

In addition to the total tax contribution by the Carlsberg Group, government revenues are also generated in related industries such as agriculture, retail and hospitality.

Using a well-recognised methodology, Regioplan estimates that in 2016 the Carlsberg Group generated DKK 105.3bn in total government revenues directly and through related industries. The Carlsberg Group's direct share of total government revenues was approx. 36%.

The economic value generated by the Carlsberg Group is distributed among our stakeholders. Our total tax contribution includes both taxes borne and taxes collected, and amounts to 36% of the total government revenues generated directly and indirectly as a result of the Carlsberg Group's operations.





## APPENDICES

# Our tax policy

### Introduction and purpose

The Carlsberg Group is fully aware that taxes constitute important contributions to society in the countries in which we do business. The Group appreciates that there is an increased focus on how we make decisions about tax, as well as on how much we pay and where.

The Carlsberg Group is committed to paying all the taxes it is required to. A large proportion of the Group's tax payments are made up of excise duties and direct taxes such as environmental tax, real estate tax, non-recoverable VAT, and social contributions from the Group and its employees.

The foundation for our Tax Policy is good corporate practice in the area of tax management and tax transparency, balancing the interests of our various stakeholders. This policy establishes the main principles for how the Carlsberg Group manages its taxes and conducts its tax-related activities.

### Scope

This policy applies to the Carlsberg Group's majority-owned entities and is aimed, in particular, at employees and contractors working with matters that can impact taxes. It aims to provide guidance on roles, key

responsibilities and interaction with external parties such as tax advisers and tax authorities.

### Policy

#### 1. Compliance, transparency and efficiency

1.1. The Carlsberg Group is determined to fulfil its global tax obligations, which means operating in full compliance with all local and international tax laws as well as OECD guidelines.

1.2. In order to accommodate the growing interest in the level of taxes paid by multinational companies, the Carlsberg Group must be as transparent as can reasonably be expected and must communicate in a clear and timely manner on topics such as our total tax contribution, tax payments and this Tax Policy.

1.3. The Carlsberg Group's goal is to have a competitive tax charge within the context of our commercial operations, while at the same time contributing to the society in which we do business. Any tax planning that is undertaken must be based on sound commercial rationale.

1.4. Transfer pricing requirements must be closely monitored and based on the principle that the appropriate amount of tax should be paid according to where value is being created.

All transfer pricing is calculated using an arm's length principle.

1.5. The framework for handling taxes, as amended when needed, must be respected and adhered to at all times.

#### 2. Cooperation with governments and authorities

2.1. The Carlsberg Group considers the tax laws in all of the countries in which we operate to be equally important and does therefore not rank or prioritise such laws. In this context, relevant employees are obliged to establish and maintain a constructive working relationship with governments on all aspects of taxation, and to engage in equally constructive dialogue with these governments.

2.2. The Carlsberg Group not only values a good working relationship with tax authorities, but also relies on and appreciates their support. In the course of conducting business globally, there may be disagreements with tax authorities; regardless of the issue, relevant employees and supporting functions must actively seek dialogue with tax authorities and, if required, involve tax authorities in resolving any double-taxation issues that may arise.

# Tax charged in the financial statements

## Corporation tax charge (financial statements disclosures)

The corporate income tax for the Carlsberg Group for 2016 was DKK 2,392m, of which DKK 2,700m was current tax charge expense and DKK 393m was a deferred tax credit. The total corporate income tax paid in 2016 was DKK 1,752m. 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 charge to the nominal weighted tax rate for the Carlsberg Group of 21.7% for 2016. 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 tax rate for the Group

## Tax for the year can be specified as follows

DKK million	2016
Current tax	2,700
Change in deferred tax during the year	-393
Change in deferred tax as a result of change in tax rate	-74
Adjustments to tax for prior years	159
<b>Total</b>	<b>2,392</b>

is 33% for 2016, negatively impacted by a lost case in Finland in 2016.

## 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 4,640m in 2016. 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 6,250m and assets of DKK 1,610m.

Of the total deferred tax assets recognised, DKK 673m related to tax loss carryforwards, 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 carryforwards can be utilised.

## Reconciliation of the effective tax rate for the year

DKK million	%	2016
<b>Profit before tax</b>		<b>7,249</b>
Nominal weighted tax rate	21.7%	1,575
Change in tax rate	-1.1%	-81
Adjustments to tax for prior years	2.2%	159
Non-capitalised tax assets, net movements	7.5%	543
Non-deductible expenses	3.9%	283
Tax incentives etc.	-0.8%	-56
Special items	-2.5%	-184
Withholding taxes	3.7%	268
Other and tax in associates and joint ventures	-1.6%	-115
<b>Effective tax rate for the year</b>	<b>33.0%</b>	<b>2,392</b>

## Deferred tax assets and deferred tax liabilities

DKK million	2016
Deferred tax at 1 January, net	4,227
Adjustments to prior years	123
Acquisition and disposal of entities	61
Recognised in other comprehensive income	-41
Recognised in the income statement	-393
Change in tax rate	-72
Foreign exchange adjustments	735
<b>Deferred tax at 31 December, net</b>	<b>4,640</b>
<b>Specified as follows</b>	
Deferred tax liabilities	6,250
Deferred tax assets	-1,610
<b>Deferred tax at 31 December, net</b>	<b>4,640</b>

# Independent assurance report

## To the readers of the 2016 economic contribution report

We were engaged by the Executive Board of Carlsberg A/S to provide assurance on selected information in the Carlsberg Group Economic Contribution Report 2016. Carlsberg A/S is responsible for the preparation of the report in accordance with the reporting criteria as specified in the 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

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

- In the “Economic contribution and tax contribution” section, the following information for 2016: Taxes borne incl. excise duties, corporate tax paid and excise duty paid (pages 7-8).
- In the “Tax charged in the financial statement 2016” section, the following information for 2016 corporate taxes: Total for corporate income tax charge, effective tax

rate and specification of deferred tax (page 10).

We do not provide any assurance on the achievability of Carlsberg A/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 the appendix “Tax contribution principles” on pages 12-13. 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.
- Interviewing the relevant employees at Carlsberg A/S.
- Carrying out internal control procedures on 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.
- Obtaining representation letter signed by management and the responsible employees.
- Reading other information included in the Economic Contribution Report 2016 that contains the selected information and our report thereon in order to identify any material any inconsistencies 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, 29 March 2017  
KPMG

Statsautoriseret Revisionspartnerselskab

Mike Maloney  
Certified Public  
Accountant

Henrik O. Larsen  
State Authorised  
Public Accountant



# 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 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 the Carlsberg Group 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 2016 to 31 December 2016.

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 A/S controls have reported 100% of their taxes borne and collected, and the full amount is included in the Carlsberg Group tax contribution.

Companies over which the Carlsberg 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 Group tax contribution.

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 the Carlsberg Group’s Annual Report 2016 are not described below.

Taxes borne and taxes collected are the taxes due in respect of an accounting period as defined in 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 the Carlsberg Group.

## Key term definitions

### Economic value generated

Economic value generated comprises gross revenue, other income, financial income and income included in special items and share of profit after tax in associates and joint ventures. 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 the Carlsberg Group.

### Operating cost

Includes cost of sales, sales and distribution expenses, administrative expenses, other operating expenses, 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 the Carlsberg Group is obliged to pay to a government on its own behalf, or taxes that the Group 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 the Carlsberg Group, but for which the Group bears an administrative burden of collection. These taxes are, however, indirectly generated from the Group's business activities and are therefore part of the Group'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.

**Value-added tax (VAT)**

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 less VAT on purchases.



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