

The New Carlsberg Foundation's tax policy

Introduction

The New Carlsberg Foundation was established on 20 January 1902 by brewer, Dr. Phil. (Hon. Causa) Carl Jacobsen and his wife, Ottilia Jacobsen, with the purpose of working for the benefit of the arts in the founders' native country.

By deed of gift on the same date, the founders donated their brewery, New Carlsberg, to the Carlsberg Foundation, and the New Carlsberg Foundation was guaranteed a part of the brewery profits.

The New Carlsberg Foundation is a non-commercial private and independent arts foundation. Here, 'arts' not only includes the visual arts but also industrial art, architecture and landscape gardening – and in the broadest sense, including in the synthesis of expressions from the visual arts with related art forms and contexts.

The New Carlsberg Foundation's income derives from dividends from the shares in Carlsberg A/S that the Carlsberg Foundation received with the transfer of the New Carlsberg brewery, corresponding to 45% of the joint holding of the Carlsberg Foundation's shares in Carlsberg A/S.

The New Carlsberg Foundation wishes to exercise good foundation governance in accordance with principles that ensure professionalism, openness and transparency with regard to the foundation's governance and decision-making, including tax.

Tax revenue is crucial to a well-functioning society and constitutes a fundamental building block and source of funding for achieving the UN's Sustainable Development Goals, which aim to improve welfare, justice, education, emergency services, health and environmental and climate protection in developed and developing countries.

Worldwide, there is a growing focus on preventing aggressive tax planning and achieving a higher degree of transparency with regard to tax, resulting in a range of significant international initiatives. Further, societies and stakeholders have increased focus on taxes paid by foundations. In this document the New Carlsberg Foundation describes its tax policy.

Accountability and governance

The New Carlsberg Foundation's tax policy was approved by the foundation's board of directors on 27 April 2021.

Tax risk management is exercised by the board and employees of the New Carlsberg Foundation.

Compliance with the New Carlsberg Foundation's tax policy is monitored annually by the foundation's board, and the foundation welcomes anyone to approach the foundation directly with any questions concerning the foundation's tax issues and comments on its compliance with tax regulations.

Tax risk management includes risk assessments prior to any tax planning in connection with significant transactions, and the New Carlsberg Foundation consults with external advisors on any issues where relevant expertise is not available internally. External advisors are also consulted in connection with significant transactions and decisions where tax considerations play a key role, or where material uncertainty exists about the interpretation of current laws and regulations.

Legal compliance

The New Carlsberg Foundation aims to comply with tax legislation.

We prepare and file tax returns as required and provide complete, accurate and timely information to all relevant tax authorities. In cases where the tax law is unclear or subject to interpretation we seek an external opinion in order to verify our understanding.

Relationship with authorities

We cooperate with the tax authorities in a spirit of mutual respect, transparency and trust and adhere to the established procedures and channels in our negotiations with tax authorities, public officials, government ministers and other third parties in a professional, courteous and timely manner.

We are open and transparent with tax authorities and provide straightforward and timely replies to relevant requests from the tax authorities in order to contribute to the assessment of our tax liability.

Whenever possible we seek to engage in early dialogue with tax authorities if there is significant uncertainty about tax regulations. Any rulings from tax authorities that approve a given tax policy rests on information about all relevant facts and circumstances. If any misunderstandings about facts or law arise, we seek to cooperate with the tax authorities and, to the fullest extent possible, clarify the core issues and determine how best to resolve misunderstandings or differences of opinion. We will not bribe nor otherwise seek to influence tax officials, public officials or government ministers with a view to securing more favourable tax treatment.

Tax incentives

When we claim tax incentives offered by the authorities we aim to ensure that they are transparent and in accordance with laws and regulations and are implemented in a manner consistent with the intent of the statutory, regulatory or administrative framework.

Transparency

Our approach to transparency includes:

- Publication of the current tax policy approved by the board of the New Carlsberg Foundation
- Annual tax information in the foundation's annual report

Scope of the tax policy

The New Carlsberg Foundation's tax policy concerns all activities controlled by the foundation's board, including the following:

- Managing the activities of the New Carlsberg Foundation, including:
- Investment of the foundation's capital until the funds are donated
- Donation of funds in accordance with the charter of the New Carlsberg Foundation

Investments made by the New Carlsberg Foundation

The New Carlsberg Foundation is subject to the rules in the Executive Order on Foundations' Asset Management (*Anbringelsesbekendtgørelsen*) issued by the Danish Ministry of Justice for non-commercial foundations that are subject to the Danish Foundation Act. This specifies detailed requirements for the placement of the foundation's frozen capital and the types of assets the frozen capital (an amount corresponding to the foundation's original capital) can be invested in.

The Foundation invests both the frozen capital and the free funds that are not subject to the requirements of the Executive Order with a view to obtaining interest, dividends or other forms of proceeds in order to increase the funds available for future donations in accordance with the foundation charter.

When investing free funds, the foundation recognizes the significance of tax as a key instrument for achieving the UN's Sustainable Development Goals and the importance of responsible tax behaviour.

In all material respects, the New Carlsberg Foundation invests through external investment managers ('Managers') who are informed of the tax policy of the foundation. The Managers have accepted to use their best efforts to ensure compliance with applicable tax law and regulations within the jurisdictions where the investments are made and to act in such a way that consideration and foresight are given to tax law developments and international initiatives.

The New Carlsberg Foundation expects efficient management of the investments and encourages the Managers to consider tax planning opportunities that prevent double taxation and maximize the after-tax return. However, the foundation also urges the Managers to consider such planning

carefully and only to undertake non-aggressive tax planning with the aim of ensuring fair competition and avoid double taxation.

The New Carlsberg Foundation supports increased transparency and international initiatives implemented at OECD and European levels towards increased transparency. In line with these principles, the foundation expects the Managers to also support these initiatives by exercising caution when investing in portfolio companies and by not investing in intermediary holding companies incorporated or tax residents in (a) jurisdictions that are deemed 'noncompliant' according to the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes peer review process at the time of the investment or (b) jurisdictions included on the EU's list of non-cooperative tax jurisdictions at the time of the investment.

The Foundation expects the Managers to be transparent in their approach to tax and to engage cooperatively in dialogues with the foundation and with society at large.

Grants and donations

The New Carlsberg Foundation receives part of the dividends from the Carlsberg Foundation's shares in Carlsberg A/S. These dividends have been taxed in Carlsberg A/S, as they derive from income that has been taxed according to normal corporation tax payments, value added tax and other taxes paid by the Carlsberg Group.

The dividends received by the foundation are subject to taxation at a rate of 22%. Other income received by the foundation is also subject to 22% taxation.

According to the Danish Foundation Tax Act, foundations may make tax deductions for charitable grants and donations.

Charitable grants and donations are, as a main rule, taxable income for the recipient.

Thus, the New Carlsberg Foundation generally donates funds that the Carlsberg Group has already paid tax on to recipients who – depending on the specific tax regulations – subsequently pay tax on when they receive the funds.

The New Carlsberg Foundation is required to pay income taxes if the amount of charitable grants and donations do not exceed grants and donations plus a fiscal consolidation contribution of 4%.