Documents reveal

Carlsberg employees paid Indian officials shady cash

Documents reveal Carlsberg top people paid Indian officials shady cash

By Henrik Jensen hejs@berlingske.dk,

Michael Lund mlurt@berlingske.dk,

Jakob Chris * jukc@berlingske.dk,

Lars Nørgaard Pedersen larp@berlingske.dk

Internal documents show systematic payments under the table from top people in Carlsberg India to elected officials The case looks very much serious, experts believe Carlsberg has previously in vain investigated a minor part of the case After Berlingske presented Carlsberg for 'substantially more' material, the International Brewery Group has opened a comprehensive study

Comprehensive written evidence shows that senior executives at Carlsberg's Indian subsidiary have for months helped systematically pay Indian officials cash amounts under the table. According to experts, the payments look like clear bribery.

According to the case documents, the money was handed over in cash and paid for, among other things, to ensure an Indian Carlsberg brewery faster case handling and easier production conditions. It also appears from the material that the payments to the officials have been approved in a number of cases by a then Indian member of the Carlsberg India Board of Directors.

Berlingske has gained access to large amounts of internal correspondence between key figures at a brewery in Carlsberg India. The material includes text messages, e-mail and messages via the encrypted messaging service Whatsapp.

The internal messages refer to more than 200 separate payments to a number of Indian officials. According to the documents, the money was delivered to the officials in cash.

Berlingke's material includes internal messages exchanged over 18 months in 2015 and 2016. The messages refer to individual payments ranging from 2,500 rupees (about 240 kroner) to officers' drivers and up to 125,000 rupees (approximately 11,800 kroner) to high-ranking officials responsible for overseeing local breweries. The payments appear to have been put into system in several cases. For example, the same people receive the same amount month after month.

According to the documentary, the payments were for very different conditions. In some cases, the payments are in the form of lump sums intended to secure the Carlsberg brewery regular permits to produce and sell beer. In other cases, the payments are made for extraordinary consideration. For example,

officials are paid to allow night work, to close a specific production line, to replace labels on finished beer and to store finished beer in unauthorized bottle sheds.

Berlingske also holds several of the formal permits from the officials of the Carlsberg India brewery. The permits were issued immediately before or after the actual payments.

In a written response to Berlingske, Carlsberg's Head of Information, Kasper Elbjørn, states that Carlsberg was already presented in 2012 for "a smaller selection" of the material that Berlingske has now submitted to Carlsberg. At that time, according to Carlsberg's opinion, the case was about a disgruntled employee who believed that

have been wrongfully dismissed and at the same time claimed that bribes had been committed at an Indian Carlsberg brewery in 2015 and 2016.

He wanted Carlsberg to pay him two million dollars and threatened to go to the press, Kasper Elbjørn said. The allegations prompted Carlsberg to launch an investigation.

"The investigation was conducted by a respected external law firm and involved a leading international audit firm, and the matter was collected and verified by a former judge," Kasper Elbjørn writes:

"The investigation concluded that the alleged dismissal was a resignation which was strictly in accordance with the rules and that it was not possible to prove any accusations of lubrication or ordering.

Carlsberg starts a big investigation Carlsberg asked in this regard in vain that the employee in question or supply any additional material, it sounds.

But Carlsberg says today that Berlingske appears to have "substantially more material" about the case than Carlsberg has ever had. Since Berlingske's first contact with Carlsberg about the case two weeks ago, the company has responded promptly:

"In the meantime, we have decided to initiate a comprehensive audit of all relevant processes regarding applications for permits, licenses and the like in Indi," Kasper Elbjørn writes.

A number of experts have been presented with Berlingske's material. They consider that the

internal correspondence shows that regular bribery has taken place.

In total, payment documents that Berlingske has read include about eight million rupees, equivalent to approximately DKK 755,000.

Experts consider the case as serious

Professor of Criminal Justice at the University of Copenhagen Jørn Vestergaard emphasizes that although the amounts are relatively modest, Danish legislation may become relevant. The premise is that bribery must be punishable under Indian law if Carlsberg is to be prosecuted under Danish criminal law, the juror professor explains.

“It seems clear that the Danish Penal Code has been violated. What is interesting and crucial in the case complex is the systematics. It looks like a fixed, monthly payroll. It also plays a role in involving a board member. And then I think the sums sound sizable. In fact, converted to Indian purchasing power, 125.0Q0 rupee is a part, 'says Jørn Vestergaard.

Corruption researcher Steven Sampson, professor emeritus at Lund University, describes the case as "serious," while Alexandra Andhov, associate professor of corporate law at the University of Copenhagen, believes that "based on the material, there appears to be is a manifest bribery of a number of officials'.

In 2015, the Carlsberg Group announced a global zero-tolerance policy against all forms of bribery.

Corruption researcher Lars Johannsen, associate professor, Ph.D. at the Department of Political Science, University of Aarhus, considers that the case constitutes "a serious risk to Carlsberg".

At one of Carlsberg's breweries in India, key people have been working for months on shady cash sums for selected Indian officials. It shows extensive material that Berlingske has reviewed. Carlsberg does not accept lubrication or bribery in any font and has immediately opened a comprehensive audit study

Carlsberg is investing heavily in India and has seven active breweries' in the country. The retail market is expected to grow significantly in the coming years.

He points out that the company may have violated Danish, Indian and US law.

In addition to the written documents, the circumstances are confirmed by three key sources, which anonymously told Berlingske that Carlsberg India has systematically paid officials. One source calls it "perfectly normal practice".

Another source says he knows about "extensive bribery" in Carlsberg India, but that it is a condition of operating a brewery in India, because there are so many rules that one must constantly obtain permits from government officials. Berlingske is familiar with the identity of the worshipers.

Hard to operate in India

Jørgen Dige, associate professor of emeritus in economics at Aarhus University and an expert in Indian affairs, emphasizes that it is incredibly difficult for companies to operate in India without money under the table. The country is placed in 78th place on a corruption index of 180 countries prepared by the organization Transparency International.

Carlsberg 'will be at the back of the queue in relation to its competitors or risk not getting the necessary permits. Many officials consider it directly as part of their pay, "he says.

Berlingske has tried to get comment from a number of the persons mentioned in the case documents at the relevant Carlsberg mountain brewery. They either did not wish to comment or did not return to Berlingske's request. Berlingske also in vain tried to get a comment from the Indian authorities.

Faced with the experts' assessments that the documents point to actual substantiation, Carlsberg's Head of Information, Kasper Elbjøm writes:

"We accept neither lubrication nor bribery - even if it is apparently used to facilitate otherwise legitimate business purposes."

Kasper Elbjøm points out that, following the lawyer and audit study, Carlsberg also conducted "extraordinary and strengthened internal audits" at the current brewery.

Carlsberg's choice

Corruption expert Lars Johannsen, Aarhus University, points out that even small bribery amounts harm business, increase the risk of bureaucracy, inefficient administration and a society where residents are not equal.

'Of course, Carlsberg would have no choice if they wanted to sell beer in India. But of course a large group like Carlsberg has a choice. Then you have to accept that permits come slower, ”says Lars Johannsen.

He adds:

“It's all about ethics and morals, but it's also about offsetting costs: what can be best; to say no to the corruption and perhaps grow slower - or risk being discovered, with all that it can cause problems? "

SHORT ABOUT

Carlsberg India

In 12007 Carlsberg started in India.

Today, the company produces beer from seven breweries in the country.

Globally, Carlsberg is one of the largest breweries. In 2018 employed almost 41,000 people in Carlsberg.

“We accept neither lubrication or bribes - either not if it seems used to facilitate otherwise legitimate business purposes. "

Kasper Elbjørn Information chief Carlsberg