

## **Statutory report on corporate governance for the financial year 2015, cf. Section 107 b of the Danish Financial Statements Act**

This statement forms part of the management's review in Carlsberg A/S' Annual Report for the financial year 1 January – 31 December 2015.

### **MANAGEMENT**

In 2015, the Supervisory Board had ten members elected by the General Meeting and as per 26 March 2015 five members elected by the employees. The Supervisory Board thus had a total of 15 members. One employee member left the Supervisory Board as a consequence of leaving the company and was replaced through a by-election. The Supervisory Board has an Audit Committee which primarily monitors a) the financial reporting process, b) the effectiveness of the internal control and risk management systems, c) the internal audit function, and d) the external audit of financial reporting and the independence of the external audit. In addition, the Supervisory Board has a Remuneration Committee that primarily considers Remuneration Policy for and remuneration of the Supervisory Board and Executive Board. The Supervisory Board also has a Nomination Committee that primarily considers matters relating to qualifications and skills of the Supervisory Board members and succession planning mainly relating to proposals for candidates for the Supervisory Board but also for executive top management positions. All three committees have Terms of Reference approved by the Supervisory Board and available on the company website.

The Supervisory Board appoints the CEO and other members of the Executive Board. The Executive Board is together with the Executive Committee responsible for the day-to-day management of the company and for the preparation and implementation of strategic plans. The Supervisory Board ensures that the Executive Board observe the goals, strategies and business procedures established by the Supervisory Board. The Supervisory Board and the Executive Board constantly strive to ensure that the Group's management structure and control systems are appropriate and work satisfactorily.

### **INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM RELATING TO FINANCIAL REPORTING**

#### *Overall control environment*

The Supervisory Board and the Executive Board have overall responsibility for the Group's control environment. The Audit Committee appointed by the Supervisory Board is responsible for monitoring the internal control and risk management systems related to the financial reporting process on an ongoing basis.

The Company has a number of policies and procedures in key areas of financial reporting, including the Finance Manual, the Controller Manual, the Chart of Authority, the Risk Management Policy, the Treasury Policy, the Information Security Policy, the Global Expense Policy and the Business Ethics Policy. The policies and procedures apply to all subsidiaries, and similar requirements are set out in collaboration with the partners in joint ventures.

The internal control and risk management systems are designed to mitigate rather than eliminate the risks identified in the financial reporting process. Internal controls related to the financial reporting process are established to detect, mitigate and correct material misstatements in the consolidated financial statements.

The monitoring of risk and internal controls in relation to the financial reporting process are anchored by the reporting of the maturity level of the control environment using the Company's financial control framework.

### *Risk assessment*

The risk assessment process related to the risk in relation to the financial reporting process is assessed annually and approved by the Audit Committee.

The risk related to each accounting process and line item in the consolidated financial statements is assessed based on quantitative and qualitative factors. The associated financial reporting risks are identified based on the evaluation of the likelihood of them materialising and their potential impact.

The identified areas are divided into areas with high, medium or low risk. High-risk areas are line items that include significant accounting estimates, including goodwill and special items, and the sales and purchase process. The Company's financial control framework reporting covers relevant Group companies and functions to the level where high-risk areas are at least 80% covered and medium-risk areas at least 60%. Low risk areas are not covered.

### *Control activities*

The Group has implemented a formalised financial reporting process for the strategy process, budget process, quarterly estimates and monthly reporting on actual performance. The accounting information reported by all Group companies is reviewed both by controllers with regional or functional in-depth knowledge of the individual companies/functions and by technical accounting specialists. In addition, significant Group companies have controllers with extensive commercial and/or supply chain knowledge and insight.

Based on the risk assessment, the Group has established minimum requirements for the conduct and documentation of IT and manual control activities to mitigate identified significant financial reporting risks. The Company's financial control framework covers 132 controls relating to 23 accounting processes and areas.

The relevant Group companies and functions must ensure that the Company's financial control framework is implemented in their business and that individual controls are designed to cover the predefined specific risk. The local management is responsible for ensuring that the internal control activities are performed and documented, and is required to report compliance quarterly to the Group's finance organisation. The entities in the Group are dependent on IT systems. Any weaknesses in the system controls or IT environment are compensated for by manual controls in order to mitigate any significant risk relating to the financial reporting. This includes the implementation of compensatory controls during implementation of the supply chain integration and business standardisation project (BSP1), given that an increased number of people will have access to systems.

### *Information and communication*

The Group has established information and communication systems to ensure that accounting and internal control compliance is established, including a Finance Manual, a Controller Manual and internal control requirements. In addition, the Group has implemented a formalised reporting process for reporting monthly, quarterly, budget and estimate figures from all countries and functions.

### *Monitoring*

The Audit Committee's monitoring covers both the internal control environment and business risk. Monitoring of the internal control environment is covered by the Company's financial control framework. The business risk is assessed and reviewed at multiple levels in the Group, including periodic review of control documentation, controller visits and audits performed by Group Internal Audit. Additionally, business risks are discussed and monitored at business review meetings between ExCom, regional management and local management at which potential financial impacts are identified. The Audit Committee's Terms of Reference outline its roles and responsibilities concerning supervision and monitoring of the internal control and risk management systems related to financial reporting. Monitoring is performed on the basis of periodic reporting from the finance organisation, internal and external audit.

### **CORPORATE GOVERNANCE RECOMMENDATIONS**

The recommendations from the Danish Committee on Corporate Governance form part of the rules for issuers of shares listed on NASDAQ OMX Copenhagen A/S. The currently applicable recommendations are from May 2013 (latest updated November 2014) and can be found at <http://corporategovernance.dk/file/537161/recommendations-ebs-12401-rapport-selskabsledelse-uk-5k-nov-2014.pdf>. As in other European countries, companies must either comply with the recommendations or explain any deviation. Carlsberg A/S complied with all recommendations in 2015. In the table below, the Supervisory Board of Carlsberg A/S has set out its comments to each of the recommendations.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>				
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>				
1.1.1. The Committee <b>recommends</b> that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.	X			<p>Carlsberg aims at providing information and opportunities for dialogue to its shareholders through regular publication of news, interim reports, annual reports and general meetings.</p> <p>Carlsberg has an Investor Relations department that assists the Executive Board when it holds regular meetings and teleconferences with investors and analysts in or outside Denmark. Carlsberg has a separate section for investor information on its website where it regularly provides comprehensive information about financial and operational issues and where all information announced to the market is easily and readily available. Investors (and others) can sign up on Carlsberg's investor portal to receive regular information from the company.</p>
1.1.2. The Committee <b>recommends</b> that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests	X			<p>Carlsberg has adopted a Communication Policy and strategy. In its Communication Policy, Carlsberg identifies its key stakeholders and their main interests in relation to the company.</p> <p>The Communication Policy and related procedures also serve to ensure that information of importance</p>

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of the shareholders are respected in accordance with company policies.				to investors (and other key stakeholders as relevant) is made available to them and published in accordance with applicable rules and regulations.
1.1.3. The Committee <b>recommends</b> that the company publish quarterly reports	X			Carlsberg published quarterly reports in 2015 on 18 February (full year 2014), 12 May (Q1), 19 August (1 <sup>st</sup> half year) and 11 November (Q3).
<b>1.2. General meeting</b>				
1.2.1. The Committee <b>recommends</b> that when organizing the company's general meeting, the board of directors plans the meeting to support active ownership.	X			<p>The Supervisory Board and the Executive Board promote active ownership, including shareholders' attendance at general meetings</p> <ul style="list-style-type: none"> <li>• by announcing long time in advance the date of the general meeting on its website;</li> <li>• by distributing invitations to shareholders to general meetings to all shareholders either directly or through information on the company's website and through announcements on Nasdaq OMX and the IT-system of the Danish Business Authority, and</li> <li>• by informing shareholders of their right to ask questions and submit proposals for the general meeting.</li> </ul> <p>All shareholders and other stakeholders are in addition invited to attend quarterly calls with Carlsberg's top management in relation to quarterly announcements and are able to ask questions.</p>

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1.2.2. The Committee <b>recommends</b> that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	X			The proxies used for the general meeting generally allow shareholders to consider each individual item on the agenda. This was also the case with regard to the proxy for the Annual General Meeting in 2015.
<i>1.3. Takeover bids</i>				
1.3.1. The Committee <b>recommends</b> that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.	X			<p>The Supervisory Board of Carlsberg has a Takeover Manual with procedures and guidance in the event of a takeover offer. According to the Takeover Manual, the Supervisory Board is not at any time entitled to take any steps that in reality prevents that a future takeover offer is presented to the shareholders at a General Meeting. The Supervisory Board will in the event of a takeover offer, consider specifically what will be in the best interest of all shareholders (and more widely of the company) before it decides whether or not to present an offer to the shareholders.</p> <p>Carlsberg's articles of association do not contain any provisions that limit ownership or voting rights or that make it possible for the Supervisory Board generally to prevent takeover bids.</p> <p>Carlsberg's Supervisory Board will consider a potential bid to take over the company's shares in accordance with applicable legislation and the Takeover Manual. Carlsberg's principal shareholder, the Carlsberg Foundation, is obliged</p>

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				to hold at least 51% of the votes of the share capital of Carlsberg A/S according to its charter.
<b>2. Tasks and responsibilities of the board of directors</b>				
<i>2.1. Overall tasks and responsibilities</i>				
2.1.1. The Committee <b>recommends</b> that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.	X			<p>The Supervisory Board once a year defines its most important tasks and decides on an annual plan for the following year. In the board evaluation process the Supervisory Board considers whether all its responsibilities have been dealt with.</p> <p>Once a year, the Supervisory Board also reviews its rules of procedures in accordance with the annual plan and considers if any changes are required.</p>
2.1.2. The Committee <b>recommends</b> that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.	X			The Supervisory Board discusses Carlsberg's strategy and overall organisation continuously and in a dedicated annual strategy seminar. In June 2015 a new CEO joined the company. Following this and in continuous dialogue with the Supervisory Board, a new strategy was developed for launch in Q1 2016.
2.1.3. The Committee <b>recommends</b> that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board				The Supervisory Board regularly assesses whether the company's capital and share structures fulfill the interests of the Carlsberg Group and its shareholders and supports the long term profitable

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of directors presents this in the management commentary on the company's annual report and/or on the company's website.				growth and development of the business. This assessment is accounted for in the Annual Report.
2.1.4. The Committee <b>recommends</b> that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.	X			<p>The entire board supervises the work of the Executive Board and has issued Rules of Procedures for the Executive Board. These procedures (together with the Rules of Procedure for the Supervisory Board are considered at least once a year.</p> <p>The Rules of Procedure for the Supervisory Board and the procedures for the Executive Board set out procedures for the Executive Board's reporting to the Supervisory Board and for any other communication between the two bodies.</p> <p>The Executive Board currently report to the Supervisory Board on the development within the most important areas of risk and compliance, financial performance and material business matters and the Supervisory Board on that basis frequently discusses these issues at its meetings. In addition, risk management is discussed and reviewed at each Audit Committee meeting.</p>
2.1.5. The Committee <b>recommends</b> that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.				In connection with its annual evaluation process, the Supervisory Board also evaluates the composition and performance of the Executive Board and it has at least once a year a structured discussion of succession planning with regard to the Executive Board. In 2015 the Supervisory



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				Board decided that it was time to replace the CEO and the CFO. In February a new CEO was hired to join in June and in January 2016 a new CFO was hired to join no later than August 2016.
2.1.6. The Committee <b>recommends</b> that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.	X			The Supervisory Board at least once a year discusses the company's activities to ensure diversity at relevant management levels. The Supervisory Board has established objectives for diversity at the Supervisory Board level and in the Annual Report it accounts for the objectives and the progress made. In addition, on the basis of a policy made by the Supervisory Board, the company has prepared and implemented specific action plans to increase the number of the underrepresented gender (in this case women) in senior management positions in the company. This is explained in more details in the Annual Report.
<i>2.2. Corporate social responsibility</i>				
2.2.1. The Committee <b>recommends</b> that the board of directors adopt policies on corporate social responsibility.	X			Carlsberg has adopted CSR policies and published them on its website and reports on its sustainability approach and initiatives in the Annual Report. Carlsberg has a dedicated sustainability department and provides detailed information on the implementation of its initiatives through the annual sustainability report. This report covers the Carlsberg Group's material sustainability themes, its long term targets on each area and the progress it has made towards reaching these.

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<i>2.3. Chairman and vice-chairman of the board of directors</i>				
2.3.1. The Committee <b>recommends</b> appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	X			The Supervisory Board has appointed a deputy chairman who acts in the chairman's absence. The deputy chairman is part of the chairmanship and acts as an effective sounding board for the chairman. The Rules of Procedure for the Supervisory Board set out tasks etc. for the chairman and, in his absence, the deputy chairman. The chairman and the deputy chairman make up the chairmanship of the company who prepare Supervisory Board meetings together with the Executive Board in accordance with an annual meeting plan.
2.3.2. The Committee <b>recommends</b> ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.				The chairman does not participate in the day-to-day management of the company and does not carry out other tasks for the company than handling the task as chairman of the company. There were no exceptions to this in 2015.
<b>3. Composition and organization of the board of directors</b>				
<i>3.1. Composition</i>				

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<p>3.1.1. The Committee <b>recommends</b> that the board of directors annually accounts for</p> <ul style="list-style-type: none"> <li>• the skills it must have to best perform its tasks,</li> <li>• the composition of the board of directors, and</li> <li>• the special skills of each member.</li> </ul>				<p>In accordance with its annual plan, the Supervisory Board once a year (on the basis of a recommendation from the Nomination Committee) considers the skills that should be represented on the board and takes this into consideration when preparing proposals for new candidates for the Supervisory Board. A "Specification of Competencies required for the Supervisory Board in Carlsberg A/S" has been developed by the Supervisory Board and is posted on Carlsberg's website. The Specification of Competencies was latest updated by the Supervisory Board in November 2015.</p> <p>The Annual Report and Carlsberg's website contain a section describing the composition of the Supervisory Board and also detailed information about each Supervisory Board member.</p>
<p>3.1.2. The Committee <b>recommends</b> that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.</p>	X			<p>The Nomination Committee heads the process for selecting and nominating candidates for the Supervisory Board. In this process a number of factors are taken into consideration, including the Specification of Competencies, the need for new talent and the need for diversity in relation to international experience, gender and age.</p> <p>The Nomination Committee has a mandate to propose candidates to the Supervisory Board who will then decide on the final nomination to the Annual General Meeting of candidates for the Supervisory Board.</p>

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<p>3.1.3. The Committee <b>recommends</b> that a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> <li>• other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda.</li> <li>• demanding organizational tasks, and information</li> <li>• about whether candidates to the board of directors are considered independent.</li> </ul>	X			<p>Notice of a general meeting contains the suggested information about the candidates for the Supervisory Board in relation to both new candidates and candidates that are proposed re-elected.</p> <p>Carlsberg explains in the Annual Report and on its website which Supervisory Board members have links to the Carlsberg Foundation and therefore are not independent of Carlsberg as defined in the recommendations. The five Supervisory Board members that are considered independent as defined in the recommendations are Lars Rebien Sørensen, Richard Burrows, Kees van der Graaf, Donna Cordner and Elisabeth Fleuriot.</p>
<p>3.1.4. The Committee <b>recommends</b> that the company's articles of association stipulate a retirement age for members of the board of directors.</p>	X			<p>Currently, Carlsberg's Articles of Association, section 27(4), requires Supervisory Board members to step down at the first General Meeting after they reach the age of 70, however, the Supervisory Board will propose to the Annual General Meeting 2016 that the age limit be removed as the Supervisory Board finds that members should be assessed rather on the basis of their competencies than their age. Information about the age of each Supervisory Board member is disclosed in the Annual Report.</p>
<p>3.1.5. The Committee <b>recommends</b> that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	X			<p>According to the Company's Articles of Association, section 27(3), Supervisory Board members are elected for one year at a time. Re-election is possible.</p>

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<i>3.2. Independence of the board of directors</i>				
<p>3.2.1. The Committee <b>recommends</b> that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests. To be considered independent, this person may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associate,</li> <li>• within the past five years, have received larger emoluments from the company/group,</li> <li>• a subsidiary undertaking or an associate in another capacity than as member of the board of directors,</li> <li>• represent the interests of a controlling shareholder,</li> <li>• within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate.</li> <li>• be or within the past three years have been employed or partner at the external auditor,</li> <li>• have been chief executive in a company holding cross-memberships with the company,</li> <li>• have been member of the board of directors for more than 12 years, or</li> </ul>	X			<p>Five of the ten members of Carlsberg's Supervisory Board elected by the Annual General Meeting have close links to Carlsberg's principal shareholder, the Carlsberg Foundation as they make up the Foundation's Board, while the five other members elected by the general meeting have an international business background. The five members with an international business background are all independent as defined in the recommendations.</p>

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<ul style="list-style-type: none"> <li>• have been close relatives with persons who are not considered independent.</li> </ul>				
<p><i>3.3. Members of the board of directors and the number of other executive functions</i></p>				
<p>3.3.1. The Committee <b>recommends</b> that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.</p>	X			<p>Each member of the Supervisory Board is responsible for assessing the expected time commitment for the functions they carry out to ensure that they each have the necessary time to carry out their tasks as board members in Carlsberg. This obligation is also set out in the Rules of Procedure and in a Letter of Appointment introduced in 2015 (a “board contract” setting out the fundamental duties of Supervisory Board members elected by the Annual General Meeting).</p> <p>In addition, the Nomination Committee has determined what it expects the time commitment for each relevant board position to be and this has been communicated to and discussed with the Supervisory Board.</p>
<p>3.3.2. The Committee <b>recommends</b> that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> <li>• the position of the relevant person,</li> <li>• the age and gender of the relevant person,</li> <li>• whether the member is considered independent,</li> </ul>	X			<p>The Annual Report (and the Company’s website) contains this information in the section describing each member of the Supervisory Board.</p> <p>Carlsberg explains in the Annual Report and on its website which Supervisory Board members have links to the Carlsberg Foundation and therefore are not independent of Carlsberg as defined in the recommendations.</p> <p>The 2015 Annual Report contains information about each Supervisory Board member’s occupation and</p>

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<ul style="list-style-type: none"> <li>the date of appointment to the board of directors of the member,</li> <li>expiry of the current election period,</li> <li>other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and</li> <li>demanding organizational tasks, and</li> <li>the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year.</li> </ul>				<p>about all managerial positions and directorships at other companies in Denmark and abroad, as well as demanding organisational tasks, held by members of the Supervisory Board. It also includes information on the individual holdings of shares in Carlsberg by Supervisory Board members.</p>
<p><i>3.4. Board committees</i></p>				
<p>3.4.1. The Committee <b>recommends</b> that the company publish the following on the company's website:</p> <p>The terms of reference of the board committees,</p> <ul style="list-style-type: none"> <li>the most important activities of the committees during the year, and the number of meetings held by each committee, and</li> <li>the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.</li> </ul>	X			<p>The Annual Report and the Company website contain the information recommended for all three board committees.</p>

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<p>3.4.2. The Committee <b>recommends</b> that a majority of the members of a board committee be independent.</p>	X			<p>According to the terms of reference for each committee, the majority of the committee members must be independent members of the Supervisory Board. In 2015, all three members of the Audit Committee were independent in accordance with the criteria set out in the recommendations. All four members of the Remuneration Committee in 2015 were independent. Two of the three members of the Nomination Committee are independent in accordance with the criteria set out in the recommendations</p>
<p>3.4.3. The Committee <b>recommends</b> that the board of directors set up a formal <u>audit committee</u> composed such that</p> <ul style="list-style-type: none"> <li>• the chairman of the board of directors is not chairman of the audit committee, and</li> <li>• between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market.</li> </ul>	X			<p>The Supervisory Board established an Audit Committee in 2009. In 2015 the Audit Committee fulfilled all tasks set out in its terms of reference. The work of the committee is described in the Annual Report (the Corporate Governance section).</p> <p>The Audit Committee is appointed for one year at a time. In 2015, Carlsberg's Audit Committee had three members appointed by the Supervisory Board (Donna Cordner (chairman), Lars Rebie Sørensen and Richard Burrows). The Audit Committee is appointed for one year at a time. All members are independent in accordance with the definition in the recommendations and all have special experience and expertise within financial reporting, accounting and audit conditions of listed companies.</p>
<p>3.4.4. The Committee <b>recommends</b> that, prior to the approval of the annual report and other financial</p>	X			<p>The Audit Committee has five regular meetings every year in accordance with a detailed annual meeting plan, and in addition arranges ad hoc</p>



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<p>reports, the audit committee monitors and reports to the board of directors about:</p> <ul style="list-style-type: none"> <li>significant accounting policies,</li> <li>significant accounting estimates,</li> <li>related party transactions, and</li> <li>uncertainties and risks, including in relation to the outlook for the current year.</li> </ul>				<p>meeting when relevant. Prior to the approval of the annual report and other financial reports, the Audit Committee monitors and reports to the Supervisory Board on the recommended matters.</p>
<p>3.4.5. The Committee <b>recommends</b> that the audit committee:</p> <ul style="list-style-type: none"> <li>annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	X			<p>Carlsberg has established an internal audit function. The head of the internal audit function participates in all Audit Committee meetings and reports to the Audit Committee on all significant matters. Once a year, the Audit Committee evaluates the internal audit function.</p> <p>The work of the internal audit function is further described in the Annual Report.</p>
<p>3.4.6. The Committee <b>recommends</b> that the board of directors establish a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as</li> </ul>	X			<p>The Supervisory Board has a Nomination Committee that works in accordance with Terms of Reference set out by the Supervisory Board. The Terms of Reference are available on the company's website and the duties of the committee comprises all of the recommended preparatory tasks as well as the following:</p> <ul style="list-style-type: none"> <li>Evaluation and recommendation to the Supervisory Board with regard to potential training and updating of the expertise and</li> </ul>

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<p>assess the competences, knowledge and experience of the two governing bodies combined,</p> <ul style="list-style-type: none"> <li>annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors,</li> <li>annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect,</li> <li>consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and</li> <li>propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>				<p>skills of the Supervisory Board and the Executive Board</p> <ul style="list-style-type: none"> <li>Recommendations to the Supervisory Board with regard to diversity on the Supervisory Board and the Company's objectives for such diversity and Monitoring and advising the Supervisory Board on the overall succession planning for the Executive Committee.</li> </ul>
<p>3.4.7. The Committee <b>recommends</b> that the board of directors establish a remuneration committee with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting,</li> <li>make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the</li> </ul>	X			<p>The Supervisory Board has a Remuneration Committee, which works in accordance with Terms of Reference set out by the Supervisory Board.</p> <p>The Terms of Reference are available on the Company's website and the duties of the committee comprises all of the recommended preparatory tasks as well as monitoring and advising the Supervisory Board on any major changes to the policy on senior employee benefit structures for the Group, including for the Executive Committee.</p>

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<p>remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and</p> <ul style="list-style-type: none"> <li>• recommend a remuneration policy applicable for the company in general.</li> </ul>				
<p>3.4.8. The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	X			<p>The Remuneration Committee uses New Bridge Street (an Aon Hewitt company) as its independent external advisor. Aon Hewitt does not provide any other services to the Executive Board of Carlsberg and the Committee is satisfied as to the independence of its advisors.</p>
<p><b>3.5. Evaluation of the performance of the board of directors and the executive board</b></p>				
<p>3.5.1. The Committee <b>recommends</b> that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.</p>	X			<p>Once a year, the chairman of the Supervisory Board heads a structured evaluation of the board's work, accomplishments and composition. The evaluation process takes place in accordance with written procedures established by the Supervisory Board on the basis of a recommendation from the Nomination Committee.</p> <p>The chairman is responsible for conducting the evaluation meetings and process in a structured dialogue with each board member. In 2015, the chairman used a tailored questionnaire as the basis</p>

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				<p>for the evaluation meetings with each board member. The chairman prepared a report on the outcome of the evaluation process to the Supervisory Board and the report formed the basis for a discussion of the matter in the Supervisory Board. Finally, the evaluation process includes a meeting without the presence of the chairman (headed by the deputy chairman) at which the performance of the chairman is discussed.</p> <p>Headed by the chairman, and on the basis of a recommendation from the Nomination Committee, the Supervisory Board considers regularly and at least once a year in connection with the annual evaluation of the Supervisory Board, if there are areas where members' expertise and skills need to be updated.</p>
<p>3.5.2. The Committee <b>recommends</b> that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.</p>	X			<p>In connection with the board evaluation process and prior to each year's Annual General Meeting, the Supervisory Board assesses whether the number of board members is appropriate in relation to the requirements of the company.</p>
<p>3.5.3. The Committee <b>recommends</b> that at least once every year the board of directors evaluate the work and</p>	X			<p>The evaluation headed by the chairman of the Supervisory Board also includes an evaluation of the cooperation between the Supervisory Board and the Executive Board and the work,</p>

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performance of the executive board in accordance with predefined clear criteria.				accomplishments and composition of the Executive Board. The process includes a Supervisory Board meeting without the presence of the Executive Board at which the performance of and cooperation with the Executive Board is discussed.
3.5.4. The Committee <b>recommends</b> that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalized dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.	X			The Supervisory Board has issued procedures which include an annual formalized dialogue between the chairman and the Executive Board, the outcome of which is presented to and discussed by the Supervisory Board.
<b>4. Remuneration of management</b>				
<i>4.1. Form and content of the remuneration policy</i>				
<p>4.1.1. The Committee <b>recommends</b> that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including</p> <ul style="list-style-type: none"> <li>• a detailed description of the components of the remuneration for members of the board of directors and the executive board,</li> <li>• the reasons for choosing the individual components of the remuneration, and</li> </ul>	X			The Supervisory Board has adopted a Remuneration Policy which was last approved by the General Meeting in March 2015 and is described in the Annual Report 2015. On recommendation from the Supervisory Board, the General Meeting has as part of the Remuneration Policy approved the general guidelines for an incentive program for the Executive Board, cf. Section 139 of the Danish Companies' Act. The Remuneration Policy and guidelines are available on the Company's website.

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<ul style="list-style-type: none"> <li>a description of the criteria on which the balance between the individual components of the remuneration is based.</li> </ul> <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>				<p>The Remuneration Policy and the general guidelines for an incentive programme for the Executive Board include a description of the components of the remuneration for the Supervisory Board and the Executive Board. The Remuneration Report in the Annual Report 2015 also includes a detailed description of the current remuneration structures.</p> <p>The Supervisory Board is of the view that the policy is clear and transparent.</p>
<p>4.1.2. The Committee <b>recommends</b> that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>limits be set on the variable components of the total remuneration package,</li> <li>a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms,</li> <li>there be clarity about performance criteria and measurability for award of variable components,</li> <li>there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and</li> <li>an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.</li> </ul>	X			<p>The remuneration policy and incentive programme fulfill the recommendations.</p>

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4.1.3. The Committee <b>recommends</b> that remuneration of members of the board of directors does not include share options.	X			The Supervisory Board members do not participate in share option, bonus or warrant programs.
4.1.4. The Committee <b>recommends that</b> if share-based remuneration is provided, such programs are established as roll-over programs, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.	X			The Executive Board is subject to share-based remuneration in the form of share options. The conditions of the share option scheme comply with the recommendation. Please refer to the detailed description in the Remuneration Report in the Annual Report 2015.
4.1.5. The Committee <b>recommends that</b> agreements on termination payments should not amount to more than two years' annual remuneration.	X			Carlsberg complies with this recommendation.
<i>4.2. Disclosure of the remuneration policy</i>				
4.2.1. The Committee <b>recommends</b> that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.	X			The chairman's report at the Annual General Meeting in March 2015 included an explanation of the remuneration policy and compliance with this policy.
4.2.2. The Committee <b>recommends</b> that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.	X			In March 2015, the Annual General Meeting was asked to approve the proposed remuneration for the Supervisory Board for 2015. Similarly, the Annual General Meeting will be asked to approve the remuneration for 2016 in March 2016.
4.2.3. The Committee <b>recommends</b> that the total remuneration granted to each member of the board of	X			Carlsberg's 2015 Annual Report provides information on the Group's remuneration schemes,

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<p>directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.</p>				<p>the remuneration components and the remuneration granted to each member of the Supervisory Board and the Executive Board.</p> <p>Carlsberg discloses the most important aspects of retention and severance programs in its Annual Report see in particular <b>note [12]</b> to the consolidated financial statements.</p>
<p><b>5. Financial reporting, risk management and audits</b></p>				
<p><i>5.1. Identification of risks and transparency about other relevant information</i></p>				
<p>5.1.1. The Committee <b>recommends</b> that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.</p>	<p>X</p>			<p>The management commentary in the Annual Report 2015 includes a detailed description of Carlsberg's risk management.</p> <p>The Supervisory Board reviews the overall risk exposure and the individual risk factors associated with the Carlsberg Group's activities. Such reviews are conducted as required and at least once a year. On behalf of the Supervisory Board, the Audit Committee monitors the overall strategic risk exposure and the individual risk factors associated with the Group's activities. Monitoring is mainly performed in connection with the quarterly reporting process.</p>



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				The Supervisory Board (through the Audit Committee) adopts guidelines for the key areas of risk, monitors the development and observes that plans are in place for the management of individual risk factors, including commercial and financial risks. For a more detailed description of the review of the overall risk exposure associated with the Group's activities and the current high-risk issues identified, please refer to the risk management section of the Annual Report.
<i>5.2. Whistleblower scheme</i>				
5.2.1. The Committee <b>recommends</b> that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	X			A whistleblowing scheme has been in place in Carlsberg since 2010. The Audit Committee is provided with quarterly reports on matters reported in the whistleblower scheme and on action taken as a result of such matters reported. During 2015, 52 reports were made via the various whistleblower channels.
<i>5.3. Contact to auditor</i>				
5.3.1. The Committee <b>recommends</b> that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the	X			The Supervisory Board maintains a regular dialogue and exchange of information with the auditor. The auditors participate in all Audit Committee meetings and in the Supervisory Board meeting at which the annual statement is discussed and approved. The auditors report any significant findings regarding accounting matters and any significant internal control deficiencies to the

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auditor without the executive board present. This also applies to the internal auditor, if any.				<p>Supervisory Board through the Audit Committee and through its written long-form audit reports to the Supervisory Board which are issued at least twice a year. All Supervisory Board and Audit Committee material is available to the auditors.</p> <p>The Supervisory Board (through the Audit Committee) meets regularly with the auditor without the Executive Board present. The Audit Committee regularly meets with the internal auditor without the Executive Board.</p>
5.3.2. The Committee <b>recommends</b> that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.	X			The Supervisory Board has approved the agreement with the auditor on the basis of a recommendation from the Audit Committee on the agreement and the fees.