



Carlsberg Group Audit Committee Terms of Reference

On 12 March 2009 the Supervisory Board (the board) established the Carlsberg Group Audit Committee (the committee). The board has decided these terms of reference for the committee.

Membership

The board shall appoint the committee and the chairperson of the committee. The chairperson of the Supervisory Board shall not be the chairperson of the audit committee. The majority of the members of the committee, including the chairperson, shall be independent of the company and all shall be non-executive directors of the company. The committee shall consist of at least three members. A quorum shall be two members.

The members of the audit committee shall between them possess expertise and experience of relevance to the company's sector. At least one member of the audit committee shall have qualifications within accounting or audit.

Secretary

The company's head of Group Finance or the secretary of the company shall be the secretary of the committee.

Attendance at meetings

No one other than the audit committee members shall be entitled to attend audit committee meetings.

The chairperson of the board, other non-executive directors, executive directors, head of internal audit, representatives of the external auditors and the company secretary or other persons shall attend all or part of any meetings at the invitation of the committee.

There should be at least one meeting a year, or part thereof, where the audit committee meets the external and internal auditors, respectively, without executive board members present.

Frequency of meetings

Meetings shall be held not less than four times a year and at least prior to external financial reporting. The committee agrees annually a schedule of meetings and expected topics.

External auditors or internal auditors may request a meeting if they consider that one is necessary.

Authority

The committee is authorised by the board to:

- investigate any activity within its terms of reference;
- seek any information that it requires from any employee of the company and all employees are directed to cooperate with any request made by the committee; and
- obtain outside legal or independent professional advice, at the company's expense, and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

The duties of the committee shall be:

Monitoring the financial reporting process

- to review, and challenge where necessary, the actions and judgements of management, in relation to the company's annual report and interim reports before submission to, and approval by, the board.

Particular attention should be paid to:

- policies, procedures, guidelines and accounting/reporting manuals related to the financial reporting process
- critical accounting policies/practices and significant accounting estimates, and any changes in them,
- unusual transactions and related party transactions and how they are disclosed,
- disclosures being fair, balanced and understandable,
- significant adjustments resulting from the audit,
- the going concern assumption,
- uncertainties and risks, including in relation to the outlook for the current year,
- compliance with accounting standards, stock exchange and other legal requirements, and
- other topics, as defined by the board.

Monitoring that the internal control and risk management systems are effective

- to review the company's procedures for detecting fraud and SpeakUp matters to ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters. The audit committee reviews that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- to review an overview of the company's relevant group wide policies in relation to the internal control and risk management systems and the financial reporting process, and compliance with these and ensure that the company establish any policies which the committee may find appropriate;
- to review management's and the internal auditor's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management;
- to monitor the integrity of the company's internal financial controls;
- to review the statement in the annual report and accounts on the company's internal controls and risk management framework; and
- to assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks and ensure that the company adjust any such systems or establish new ones as the committee may see appropriate for that purpose.

Monitoring the internal audit

- to review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the company;
- to ensure that the internal auditor has direct access to the audit committee chairperson and the audit committee and is accountable to the audit committee;

- to receive a report on the results of the internal auditors' work on a periodic basis;
- to review and monitor management's responsiveness to the internal auditor's findings and recommendations;
- to monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system;
- to approve a charter for the internal audit function and provide recommendations on appointment or dismissal of the head of internal audit.

Monitoring the external audit of financial reporting and the independence of the external audit

- Ensure the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services provided before approval by the board adequately reflects all requirements including scope, quality, and independence and to monitor that the remuneration is appropriate to ensure a robust and effective audit;
- to discuss with the external auditor the planning of the audit including the nature and scope of the audit and the expected materiality level;
- to review with the external auditors, the work performed and their findings including
 - key accounting and audit judgements including special items and other significant accounting estimates,
 - major resolved and unresolved issues that arose during the audit, and
 - levels of errors identified during the audit, obtaining explanations from management and, where necessary the external auditors, as to why certain errors might remain unadjusted;
- to review the draft long form audit reports and significant management letters or summary hereof;
- to monitor whether management have acted upon recommendations by external audit and, if not, the reasons why they have not been acted upon;
- to oversee the company's relations with the external auditor including obtaining feedback about the conduct of the audit from key people involved;
- to assess the qualification, expertise and resources, effectiveness and independence of the external auditors annually including compliance with requirement for rotation of audit partners and employment of former employees of the external auditor;
- to assess the cooperation between the company and the external auditor;
- to develop and recommend to the board the company's policy in relation to the provision of non-audit services by the auditor and to approve and monitor that the provision of such services does not impair the external auditor's independence or objectivity;
- to consider, and run the procedure for a potential tendering process and submit a recommendation to the board for the appointment of auditors or audit firms. Unless an audit engagement is being renewed, the committee's recommendation shall follow a selection procedure;

- to consider the result of the external auditors' latest quality control review;
- to provide recommendations and suggestions to ensure the integrity of the reporting; and
- to notify the board of the result of the statutory audit including the financial reporting process.

Compliance, regulatory and review of other potential risks to the company

- to oversee that the company has an appropriate compliance programme, including policies, guidelines and practices designed to ensure the organisation's compliance with all applicable legal, regulatory, and ethical requirements;
- to review and reassess regularly, as the audit committee determines, the effectiveness of the compliance programme including the policies, guidelines and practices;
- to oversee that the company handles its regulatory and legal risks appropriately; and
- to conduct reviews at appropriate intervals of tax, IT security, treasury and financial risk management, governance of Group companies and other areas that represent a risk to the business
- to review the work of the Integrity Committee including SpeakUp matters

Reporting

The secretary shall circulate the approved minutes of meetings of the committee to all members of the board, internal and external audit and management. The minutes shall include significant points of views, conclusions and agreed actions.

The audit committee shall annually review its terms of reference and its own effectiveness and recommend any necessary changes to the board.

The audit committee shall report to the board on its role and responsibilities as agreed in its terms of reference and the actions it has taken to discharge those responsibilities and prepare a summary report hereof for inclusion in the annual report and on the company's homepage. Such a report should specifically include:

- a summary of the role of the audit committee and the way the audit committee has discharged its responsibilities;
- the names and qualifications of all members of the audit committee during the period; and
- the number of audit committee meetings.

The audit committee chairperson shall attend the AGM and shall answer questions, through the chairperson of the board, on the audit committee's activities and their responsibilities.