

Statutory report on corporate governance for the financial year 2011, 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 period 1 January – 31 December 2011.

MANAGEMENT

In 2011, the Supervisory Board had eight members elected by the General Meeting and four members elected by the employees. The Supervisory Board thus had a total of 12 members. 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 relating to proposals for candidates for the Supervisory Board. 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 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 the 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 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 mitigate, detect and correct material misstatements in the consolidated financial statements.

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 and the Business Ethics Policy. These policies and procedures apply to all subsidiaries and similar requirements are set out in collaboration with the partners of the joint ventures.

Risk assessment

The risk assessment process related to financial reporting is conducted annually.

The significant accounts in the consolidated financial statements are identified based on the assessment of quantitative and qualitative factors. The associated financial reporting risks are identified based on the evaluation of the impact of the risks materialising and the likelihood of the risks materialising.

The risk assessment process related to the financial reporting process is approved by the Audit Committee on an annual basis.

Control activities

Based on the risk assessment, the Group has established minimum requirements for the conducting and documentation of IT and manual control activities to mitigate identified significant financial reporting risks. Relevant Group companies and functions establish and implement internal controls comprising relevant control activities for significant processes. The local management is responsible for ensuring that the internal control activities are performed and documented, and is required to report the compliance quarterly to the Group's finance organisation.

In addition, 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 links and in-depth knowledge of the individual companies and by technical accounting specialists. In addition, significant Group companies have controllers with extensive commercial and/or accounting knowledge and insight.

Information and communication

The Group has established information and communication systems to ensure that accounting and internal control compliance are established, including a finance manual, a controller manual and internal control requirements.

All Group companies are using a standardised financial reporting system. In addition, the Group is in the process of standardising processes and reducing the number of financial reporting systems.

Monitoring

The monitoring of the internal control and risk management systems related to financial reporting is performed at multiple levels in the Group, such as periodical review of control documentation, controller visits, audits performed by Group Internal Audit and monitored by the Audit Committee.

The Audit Committee's Terms of Reference outline its roles and responsibilities related to supervision and monitoring of the internal control and risk management systems related to financial reporting. The monitoring is performed on the basis of periodical reporting from the finance organisation, internal and external audit.

Group Internal Audit

The Internal Audit department ensures objective and independent assessment of the adequacy, efficacy and quality of the Group's internal controls. The head of Group Internal Audit reports to the chairman of the Audit Committee and with a dotted line to the CFO, and the Audit Committee must approve the appointment and potential dismissal of the head of Group Internal Audit. Group Internal Audit works in accordance with a charter and Terms of Reference approved by the Audit Committee.

Group Internal Audit conducts an annual review of business risks. On the basis of this and input from the Supervisory Board, the Audit Committee and senior executives, an audit plan is drawn up for the year. The plan is reviewed and approved by the Audit Committee and the Supervisory Board. Group Internal Audit is responsible for planning, executing and reporting on the audit performed. The reporting includes observations and conclusions, together with suggestions for improvements to the internal controls in each area audited.

When conducting an audit, Group Internal Audit assesses whether the audited entity/function has well-established accounting practices, written policies and procedures in all important business areas, and adequate internal control procedures. This includes the assessment of whether controls in relation to key IT systems are satisfactory, and whether they comply with the IT Policy.

The Carlsberg Group has a Whistleblower System, which enables employees to report activities that may involve criminal conduct or violations of the Carlsberg Group's policies and guidelines. The Whistleblower System consists of a website and a hotline set up by an independent third party to ensure the highest level of security and confidentiality. Reports filed through the Whistleblower System are handled by a few specific employees within Group Internal Audit who are charged with the responsibility of evaluating any potential violation. Group Internal Audit regularly reports to the Audit Committee on issues reported via

the Whistleblower System and action taken as a result thereof. Since the establishment of the Whistleblower system in April 2010, 70 reports have been made to the system. A few of the reports to the system have been regarding isolated fraud incidents carried out by individual employees in the Group. This has led to the dismissal of a small number of employees on the basis of violation of Group Policies and in some cases relevant criminal laws. The incidents have not had any material impact on the financial results of the Group or the Group Company in question.

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. These recommendations can be found at <http://www.corporategovernance.dk/graphics/Corporategovernance/recommendations2010.pdf>. As in other European countries, companies must either comply with the recommendations or explain any deviation. 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 does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with a recommendation. The company is not obliged to explain if it complies with a recommendation. However, Carlsberg has provided a summary of what it does, also where it complies.
1. The role of the shareholders and their interaction with the management of the company			
<i>1.1. Dialogue between the company and its shareholders</i>			
1.1.1. The Committee recommends that the central governing body, for example through investor relations activities, ensure an ongoing dialogue between the company and its shareholders in order that the central governing body knows the shareholders' attitude, interests and views in relation to the company and that investor relations material be made available to all investors on the company's website	X		Carlsberg aims at providing information and opportunities for dialogue to its shareholders through regular publication of news, interim reports, annual reports and general meetings. 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.
<i>1.2. Capital and share structure</i>			
1.2.1. The Committee recommends that the central governing body every year evaluate whether the	X		The Supervisory Board regularly assesses whether the company's capital and share structures fulfill the interests of the Carlsberg Group and its

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company's capital and share structures continue to be in the interests of the shareholders and the company and account for this evaluation in the management commentary in the annual report and/or on the company's website.			shareholders and supports the long term profitable growth and development of the business. This assessment is accounted for in the Annual Report.
1.3. General Meeting			
1.3.1. The Committee recommends that the supreme governing body and the executive board promote active ownership, including shareholders' attendance at general meetings.	X		The Supervisory Board and the Executive Board promote active ownership, including shareholders' attendance at general meetings <ul style="list-style-type: none"> • by announcing long time in advance the date of the general meeting on its website, • by distributing invitations to shareholders to general meetings through e-mails or letters to all shareholders who have requested to receive notice this way and through announcements on Nasdaq OMX and the IT-system of the Danish Commerce and Companies Agency, and • by informing shareholders of their right to ask questions and submit proposals for the general meeting.
1.3.2. The Committee recommends that the central governing body resolve or submit to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting.	X		The Supervisory Board has so far resolved that the general meeting should be conducted by physical attendance only.
1.3.3 The Committee recommends that proxies given to the supreme governing body allow shareholders to consider each individual item on the agenda.	X		The proxies used for the general meeting allow shareholders to consider each individual item on the agenda.
1.3.4 The Committee recommends that all members of the supreme governing body and the executive board	X		The Supervisory Board members and the Executive Board were all present at the general meeting in March 2011.

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be present at the general meeting.			
1.4. Takeover bids			
1.4.1 The Committee recommends that the central governing body, from the moment it obtains knowledge that a takeover bid will be submitted, do 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.	X		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.
1.4.2. The Committee recommends that the central governing body give the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.	X		Carlsberg's Supervisory Board will consider a potential bid to take over the company's shares in accordance with applicable legislation. Carlsberg's principal shareholder, the Carlsberg Foundation, is obliged to hold at least 51% of the votes and more than 25% of the share capital of Carlsberg A/S.
2. The role of stakeholders and their importance to the company and the company's corporate social responsibility			
2.1. The company's policy in relation to its stakeholders			
2.1.1. The Committee recommends that the central governing body identify the company's key stakeholders and their main interests in relation to the company.	X		In its communication policy and in the Annual Report, Carlsberg identifies its key stakeholders and their main interests in relation to the company.
2.1.2. The Committee recommends that the central governing body adopt a policy on the company's relationship with its stakeholders, including the investors, and ensure that the interests of the stakeholders are respected in accordance with the	X		Carlsberg has a communication policy that inter alia deals with the company's relationship with its stakeholders.

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company's policy on such issues.			
2.2. Corporate social responsibility			
2.2.1. The Committee recommends that the central governing body adopt a policy on corporate social responsibility.	X		Carlsberg has adopted CSR policies and published them on its website and reports on its CSR approach and initiatives in the Annual Report. Carlsberg has a dedicated CSR department and provides detailed information on its CSR initiatives on its website.
3. Openness and transparency			
3.1. Disclosure of information to the market			
3.1.1. The Committee recommends that the central governing body adopt a communication strategy.	X		Carlsberg has adopted a communication policy and strategy.
3.1.2. The Committee recommends that information from the company to the market be published in both Danish and English.	X		All information from the company to the market (company announcements, press releases, financial statements, investor site on website etc.) is in both Danish and English.
3.1.3. The Committee recommends that the company publish quarterly reports.	X		Carlsberg publishes quarterly reports.
4. The tasks and responsibilities of the supreme and the central governing bodies			
4.1. Overall tasks and responsibilities			

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4.1.1. The Committee recommends that the central governing body determine the company's overall strategy at least once every year with a view to sustaining value creation in the company.	X		The Supervisory Board has a strategy seminar every year where it discusses Carlsberg's strategy and overall organisation. In addition, it considers this as relevant throughout the year.
4.1.2. The Committee recommends that the supreme governing body at least once every year discuss and ensure that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.	X		At least once a year (and as necessary throughout the year) the Supervisory Board discusses and ensures that the necessary qualifications and financial resources are in place.
4.1.3. The Committee recommends that the supreme governing body at least once every year define its most important tasks related to the financial and managerial control of the company, including how to supervise the work of the executive board.	X		The Supervisory Board once a year defines its most important tasks and decides on an annual plan for the following year. This includes tasks relating to the financial and managerial control of the company some of which are carried out by the board through the Audit Committee. The entire board supervises the work of the Executive Board and has issued procedures for the Executive Board.
4.1.4. The Committee recommends that the supreme governing body annually discusses the company's activities to ensure diversity at management levels, including equal opportunities for both sexes, and that the supreme governing body set measurable objectives and in the management commentary in the annual report and/or on the company's website give an account of both the objectives and the progress made in achieving the objective.	X		At a board meeting in November 2011, the Supervisory Board discussed the Company's activities to ensure diversity at relevant management levels. The Supervisory Board also established measurable objectives for diversity at the Supervisory Board level and in the Annual Report it has given an account of the objectives and the progress made. In addition, on the basis of the objectives set by the Supervisory Board, the Company has prepared and implemented specific action plans to increase the number of women in senior management positions in the Company.
4.2. Procedures			
4.2.1. The Committee recommends that the supreme governing body review its rules of procedure annually to ensure that they are adequate and always match the	X		Once a year, the Supervisory Board reviews its rules of procedures in accordance with the annual plan and considers if any changes are required.

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activities and needs of the company.			
4.2.2. The Committee recommends that the supreme governing body annually review and approve procedures for the executive board, including establish requirements for the executive board's timely, accurate and adequate reporting to the supreme governing body and for any other communication between the two governing bodies.	X		The Supervisory Board once a year reviews the procedures for the executive board and consider if any changes are required. 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.
<i>4.3. The chairman and deputy chairman of the supreme governing body</i>			
4.3.1. The Committee recommends that a deputy chairman of the supreme governing body be appointed, who must be able to act in the chairman's absence and also act as an effective sounding board 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.
4.3.2. The Committee recommends the preparation of a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.	X		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.
4.3.3. The Committee recommends that the chairman of the supreme governing body organise, convene and chair meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.	X		The chairman organises, convenes and chairs Supervisory Board meetings to ensure efficiency and best possible working conditions. Board material is circulated sufficient time in advance of the board meeting to allow diligent review of the material.
4.3.4. The Committee recommends that, if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly	X		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.

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<p>participate in the day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the board of directors and the executive board. Information about agreements on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.</p>			
5. Composition and organisation of the supreme governing body			
<i>5.1. Composition</i>			
<p>5.1.1. The Committee recommends that the supreme governing body annually specify the skills it must have to best perform its tasks and that the specification be posted on the website. Proposals for the nomination/replacement of members of the supreme governing body to be submitted to the general meeting should be prepared in the light hereof.</p>	X		<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 approved by the Supervisory Board and is posted on Carlsberg's website.</p>
<p>5.1.2. The Committee recommends that the supreme governing body ensure a formal, thorough and transparent process for selection and nomination of candidates to the supreme governing body. When assessing its composition and nominating new candidates, the supreme governing body must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc.</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 skills, 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 General Meeting of candidates for the Supervisory Board.</p>

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5.1.3. The Committee recommends that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organisational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.	X		Notice of a general meeting contains the suggested information about the candidates for the Supervisory Board.
5.1.4. The Committee recommends that every year, the annual report contain an account of the composition of the supreme governing body, including its diversity, and of any special skills possessed by the individual members.	X		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.
5.2. Training of members of the supreme governing body			
5.2.1. The Committee recommends that new members joining the supreme governing body be given an introduction to the company.	X		New Supervisory Board members participate in introduction programmes to get to know Carlsberg. Board members are also offered training on relevant matters and the Supervisory Board regularly visits Carlsberg operations in Denmark and abroad.
5.2.2. The Committee recommends that the supreme governing body annually assess whether the skills and expertise of its members need to be updated.	X		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.
5.3. Number of members of the supreme governing body			

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5.3.1. The Committee recommends that the supreme governing body have only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.	X		In the Board evaluation process 2011 the Supervisory Board members expressed the view that they found that the dialogue in the Supervisory Board was constructive and effective and in a way that enabled all members to contribute actively.
5.3.2. The Committee recommends that in connection with the preparation for each year's general meeting, the supreme governing body consider whether the number of members is appropriate in relation to the requirements of the company.	X		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.
5.4. The independence of the supreme governing body			
5.4.1. In order for the members of the supreme governing body to act independently of special interests, the Committee recommends that at least half of the members elected by the general meeting be independent persons. The independent supreme governing body member may not: <ul style="list-style-type: none"> • be, or have been within the last five years, a member of the executive board/managerial staff of the company or an associated company, • have received significant additional remuneration from the company/group or an associated company apart from a fee for its services in the capacity as a member of the supreme governing body, • represent the interests of a controlling shareholder, • within the last year, have had a material business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body of companies with similar relations) with the company or an associated company, • be, or have been within the last three years, an employee 		X	Five of the eight 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 three other members elected by the general meeting have a business background. The five members with close links to the Carlsberg Foundation are thus not independent as defined in the recommendations. In addition, two of them have served on the Board for more than 12 years. The independent members of the Supervisory Board are of the opinion that this combination ensures that the Supervisory Board has the necessary decision power for the Company to work in the highly competitive environment of FMCG companies, ensures appropriate breadth in the members' approach to their duties and helps to ensure careful consideration and well-considered decisions.

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<ul style="list-style-type: none"> • or partner of the external audit firm, • hold cross-memberships of governing bodies, • have been a member of the supreme governing body for more than 12 years, or • have close family ties with persons that are not regarded as independent persons. 			
<p>5.4.2. The Committee recommends that at least once every year, the supreme governing body list the names of the members who are regarded as independent persons and also disclose whether new candidates for the supreme governing body are considered independent persons.</p>	X		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><i>5.5. Members of the supreme governing body elected by the employees</i></p>			
<p>5.5.1. The Committee recommends that the individual company explain, in the company's annual report or on its website, the system of employee-elected board members and the company's use hereof in companies where the employees have chosen to apply the provisions of the Companies Act on employee representation.</p>	X		Carlsberg explains in the Annual Report the system of employee-elected Supervisory Board members in Carlsberg.
<p><i>5.6. Meeting frequency</i></p>			
<p>5.6.1. The Committee recommends that the supreme governing body meet at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed necessary or appropriate as required by the company and that the number of meetings held be disclosed in the annual report.</p>	X		The Supervisory Board has six ordinary board meetings every year in addition to its annual strategy seminar and has additional meetings if necessary. In 2011, the Supervisory Board held a total of six meetings in addition to a three-day strategy meeting and visit to subsidiaries. The Supervisory Board also discloses the number of meetings in the Annual Report.
<p><i>5.7. Expected time commitment and the number of other executive functions</i></p>			

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5.7.1. The Committee recommends that each member of the supreme governing body assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company.	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.</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>
5.7.2. The Committee recommends that the annual report contain the following information about the members of the supreme governing body: <ul style="list-style-type: none"> • the member's occupation, • the member's other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign companies as well as demanding organisational tasks, and • the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year. 	X		<p>The 2011 Annual Report contains information about each Supervisory Board member's occupation and 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. The 2011 annual report also includes information on the individual holdings of shares in Carlsberg by Supervisory Board members.</p>
5.8. Retirement age			
5.8.1. The Committee recommends that the company's articles of association fix a retirement age for members of the supreme governing body and that the annual report contain information on such retirement age as well as the age of each member of	X		<p>According to Carlsberg's Articles of Association, Section 27(4), Supervisory Board members must step down at the first General Meeting after they reach the age of 70. This information as well as information about the age of each Supervisory Board member is disclosed in the Annual Report.</p>

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the board of directors.			
5.9. Election period			
5.9.1. The Committee recommends that members of the supreme governing body elected by the general meeting be up for re-election every year at the annual general meeting.	X		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, however subject to the age limit in section 27(4).
5.9.2. The Committee recommends that the annual report state when the individual member of the supreme governing body joined the body, whether the member was re-elected and when the current election period expires.	X		The Annual Report contains this information in the section describing each member of the Supervisory Board.
5.10. Board committees			
5.10.1. The Committee recommends that the company publish the following information in the management commentary in its annual report or on the company's website: <ul style="list-style-type: none"> • the terms of reference for the board committees, • important activities of the committees during the year and the number of meetings held by each committee, and • 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. 	X		The Annual Report and the Company website contain the information recommended for all three board committees.

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5.10.2. The Committee recommends that a majority of the members of a board committee be independent members.	X		Two of the three members of the Audit Committee are independent in accordance with the criteria set out in the recommendations. Three of the four members of the Remuneration Committee are independent and two of the three members of the Nomination Committee are independent in accordance with the criteria set out in the recommendations.
5.10.3. The Committee recommends that the supreme governing body establish an actual <u>audit committee</u> .	X		The Supervisory Board established an Audit Committee in 2009.
5.10.4. The Committee recommends that the following be taken into account in composing the audit committee: <ul style="list-style-type: none"> • the chairman of the supreme governing body should not be chairman of the audit committee, and • between them, the members should possess such an amount of expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit conditions of companies whose shares are admitted to trading on a regulated market. 	X		Carlsberg's Audit Committee consists of three members appointed by the Supervisory Board (Jess Søderberg, Povl Krogsgaard-Larsen and Richard Burrows). The Audit Committee is appointed for one year at a time. Jess Søderberg and Richard Burrows are independent in accordance with the definition in the recommendations and these two members also have special experience and expertise within financial reporting, accounting and audit conditions of listed companies. The chairman of the Supervisory Board is a member of the Audit Committee but is not the chairman of the Audit Committee.
5.10.5. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the supreme governing body about: <ul style="list-style-type: none"> • significant accounting policies • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook. 	X		The Audit Committee meets five times every year in accordance with a detailed annual meeting plan. Prior to the approval of the annual report and other financial reports, the Audit Committee monitors and reports to the Supervisory Board on the mentioned matters.
5.10.6. The Committee recommends that the audit	X		Carlsberg has established an internal audit function. The head of the internal

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committee: <ul style="list-style-type: none"> annually consider whether there is a need for an internal audit function, and if so, formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 			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.
5.10.7. The Committee recommends that the supreme governing body establish a <u>nomination committee</u> with at least the following preparatory tasks: <ul style="list-style-type: none"> describe the qualifications required in the two governing bodies and for a given position, state the expected time commitment for a position and evaluate the balance of skills, knowledge and experience available in the two governing bodies. annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes, annually evaluate the skills, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body, consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions, and identify and recommend to the supreme 	X		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: <ul style="list-style-type: none"> Evaluation and recommendation to the Supervisory Board with regard to potential training and updating of the expertise and skills of the Supervisory Board and the Executive Board 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.

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governing body candidates for the governing bodies.			
5.10.8. The Committee recommends that the supreme governing body establish a <u>remuneration committee</u> with at least the following preparatory tasks: <ul style="list-style-type: none"> • make proposals, for the approval of the supreme governing body prior to approval at the general meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the supreme governing body and the executive board, • make proposals to the supreme governing body on remuneration for members of the supreme governing body and the executive board and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the supreme governing body and the executive board receive from other companies in the group, and • oversee that the information in the annual report on the remuneration of the supreme governing body and the executive board is correct, true and sufficient. 	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>
5.10.9. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.	X		The remuneration committee uses independent advisors if needed and has appointed an independent advisor in 2011.

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<i>5.11. Evaluation of the performance of the supreme governing body and the executive board</i>			
5.11.1. The Committee recommends that the supreme governing body undertake an annual evaluation of the performance and achievements of the supreme governing body and of the individual members of the body.	X		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.
5.11.2. The Committee recommends that the chairman be in charge of the evaluation of the supreme governing body, that the outcome be discussed in the supreme governing body and that the details of the procedure of self-evaluation and the outcome be disclosed in the annual report.	X		The chairman is responsible for conducting the evaluation meetings and process in a structured dialogue with each board member. The chairman reports the outcome of the evaluation process to the Supervisory Board and the report forms the basis for a discussion of the matter in the Supervisory Board.
5.11.3. The Committee recommends that the supreme governing body at least once every year evaluate the work and performance of the executive board in accordance with pre-defined criteria.	X		The evaluation headed by the chairman of the Supervisory Board also includes the cooperation between the Supervisory Board and the Executive Board and the work, accomplishments and composition of the Executive Board.
5.11.4. The Committee recommends that the executive board and the supreme governing body establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the supreme governing body and the chief executive officer and that the outcome of the evaluation be presented to the supreme governing body.	X		The Supervisory Board has issued procedures which include an annual formalised dialogue between the chairman and the Executive Board, the outcome of which is presented to the Supervisory Board.
6. Remuneration of members of the governing bodies			

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<i>6.1. Content and form of the remuneration policy</i>			
6.1.1. The Committee recommends that the supreme governing body adopt a remuneration policy applicable to the supreme governing body and the executive board.	X		The Supervisory Board has adopted a Remuneration Policy which was approved by the General Meeting in March 2011 and is described in the Annual Report 2011. On recommendation from the Supervisory Board, the General Meeting has as part of the Remuneration Policy approved the general guidelines for an incentive programme for the Executive Board, cf. Section 139 of the Danish Companies' Act.
6.1.2. The Committee recommends that the remuneration policy and any changes to the policy be approved by the general meeting of the company.	X		In March 2011, the General Meeting approved the remuneration policy for the Supervisory Board and the Executive Board including general guidelines for incentive programme for the Executive Board. The policy and guidelines are published on the Company's website.
6.1.3. Committee recommends that the remuneration policy include a thorough description of the components of the remuneration for members of the supreme governing body and the executive board.	X		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.
6.1.4. The Committee recommends that the remuneration policy include: <ul style="list-style-type: none"> • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual components of the remuneration is based. 	X		The remuneration policy and incentive programme contain the information recommended.
6.1.5. The Committee recommends that, if the remuneration policy includes variable components, <ul style="list-style-type: none"> • limits be set on the variable components of the 	X		The remuneration policy and incentive programme fulfill the recommendations.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with a recommendation. The company is not obliged to explain if it complies with a recommendation. However, Carlsberg has provided a summary of what it does, also where it complies.
total remuneration package, <ul style="list-style-type: none"> • 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 term, • there be clarity about performance criteria and measurability for award of variable components, and • there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year. 			
6.1.6. The Committee recommends that remuneration of members of the supreme governing body do not include share or warrant programmes.	X		The Supervisory Board members do not participate in share option, bonus or warrant programmes.
6.1.7. The Committee recommends that if members of the executive board receive share-based remuneration, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should not be exercisable earlier than three years from the date of grant. An explanation of the relation between the redemption price and the market price at the time of grant should be provided.	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.
6.1.8. The Committee recommends that, in exceptional cases, companies should be able to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be manifestly misstated.	X		Carlsberg complies with this recommendation.
6.1.9. The Committee recommends that termination	X		Carlsberg complies with this recommendation.

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payments should not amount to more than two years' annual remuneration.			
<i>6.2. Disclosure of the remuneration policy</i>			
6.2.1. The Committee recommends that the remuneration policy be clear and easily understandable and that it be disclosed in the annual report and posted on the company's website.	X		The Remuneration Policy including the incentive programme is disclosed on the Company's website and described in the Annual Report. The Supervisory Board is of the view that the policy is clear and easily understandable.
6.2.2. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.	X		The chairman's report at the Annual General Meeting in March 2011 included an explanation of the remuneration policy and compliance with this policy.
6.2.3. The Committee recommends that the total remuneration granted to each member of the supreme governing body and the executive board by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy be explained.	X		Carlsberg's 2011 Annual Report provides information on the Group's remuneration schemes, the remuneration components and the remuneration granted to each member of the Supervisory Board and the Executive Board.
6.2.4. The Committee recommends that the details of any defined-benefit schemes offered to members of the supreme governing body or the executive board and the actuarial value of such schemes as well as changes during the year be included as part of the information on the total remuneration.	X		Carlsberg does not have any defined-benefit schemes for its Supervisory Board or Executive Board.
6.2.5. The Committee recommends that the most important aspects of retention and severance programmes be disclosed in the company's annual	X		Carlsberg discloses the most important aspects of retention and severance programmes in its Annual Report, see in particular note 12 to the consolidated financial statements.

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report.			
6.2.6. The Committee recommends that the proposal for remuneration of the supreme governing body for the current financial year be approved by the shareholders at the general meeting.	X		The Annual General Meeting in March 2011 approved the remuneration for the Supervisory Board specifically for the 2011 financial year.
7. Financial reporting			
<i>7.1. Other relevant information</i>			
7.1.1. The Committee recommends that the annual report and other financial reports be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.	X		Carlsberg's annual report and quarterly reports contain detailed financial and non-financial information on a number of relevant subjects.
<i>7.2. Going concern assumption</i>			
7.2.1. The Committee recommends that, upon consideration and approval of the annual report, the supreme governing body decide whether the business is a going concern, including supporting assumptions or qualifications where necessary.	X		The Supervisory Board (and the Audit Committee) decides on the going concern issues in connection with the approval of the annual report.
8. Risk management and internal control			
<i>8.1. Identification of risks</i>			
8.1.1. The Committee recommends that the central governing body at least once every year identify the	X		The Supervisory Board reviews the overall risk exposure and the individual risk factors associated with the Carlsberg Group's activities. Such reviews are

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most important business risks associated with the realisation of the company's strategy and overall goals as well as the risks associated with financial reporting.			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. 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.
8.1.2. The Committee recommends that the executive board currently report to the supreme governing body on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the supreme governing body to track the development and make the necessary decisions.	X		The Executive Board currently report to the Supervisory Board on the development within the most important areas of risk and compliance 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.
8.2. Whistleblowing			
8.2.1. The Committee recommends that the supreme governing body decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.	X		The Supervisory Board decided in 2009 (on a proposal from the internal audit function and the Audit Committee) to establish a whistleblowing scheme. The whistleblowing scheme was opened for reporting on 7 April 2010. Group Internal Audit provides quarterly reports to the Audit Committee on matters reported in the whistleblower scheme and on action taken as a result of such matters reported.
8.3. Openness about risk management			
8.3.1. The Committee recommends that the management commentary in the annual report include information about the company's management of	X		The management commentary in the Annual Report includes a detailed description of Carlsberg's management of business risks.

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business risks.			
9. Audit			
<i>9.1. Contact to auditor</i>			
9.1.1. The Committee recommends that the supreme governing body maintain a regular dialogue and exchange of information with the auditor.	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 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.
9.1.2. The Committee recommends that the auditor agreement and auditors' fee be agreed between the supreme governing body 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.
9.1.3. The Committee recommends that the supreme governing body and the audit committee meet with the auditor at least once every year without the executive board present. This also applies to the internal auditor, if any.	X		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.
<i>9.2. Internal audit</i>			
9.2.1. The Committee recommends that the supreme governing body, on the basis of a recommendation from the audit committee, once every year decide	X		Carlsberg has an internal audit function that ensures objective and independent assessment of the adequacy, efficacy and quality of the Group's internal controls. When conducting an audit, Group Internal Audit assesses

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whether to establish an internal audit for support and control of the company's internal control and risk management systems and state the reasons for its decision in the annual report.			whether the audited entity/function has well-established accounting practices, written policies and procedures in all important business areas, and adequate internal control procedures. Internal audit also conducts an annual review of the Group's business risks. The work of the internal audit function is further described in the Annual Report.