

**CHR HANSEN**

*Improving food & health*

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**AUDIT COMMITTEE CHARTER**

October 2016

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Audit Committee Charter

for

Chr. Hansen Holding A/S  
(the "Company")

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## **1. Constitution and Purpose**

1.1 According to Section 7.3 of the Rules of Procedure of the Company's Board of Directors and Recommendation No 3.4.3 of the Danish Corporate Governance Committee, the Board of Directors has established a committee called The Audit Committee ("the Committee").

1.2 The members of the Committee are appointed at the first ordinary meeting of the Board of Directors each year following the annual general meeting of the Company.

1.3 The Committee's role is to assist the Board of Directors in fulfilling its responsibilities for the financial reporting process, the system of internal control, the audit process, and the company process' for monitoring compliance with laws and regulations and the code of conduct, including considering the independence of the external auditor.

## **2. Composition**

2.1 The Committee shall consist of at least three directors of which one shall be appointed chairman. At least half of the members shall meet the independency requirements set out in the Recommendations of the Danish Corporate Governance Committee as applicable at any time. At least one of these members shall have skills and be experienced within accounting/auditing and the members of the Committee shall as a whole have competencies within the industry in which Chr. Hansen is operating.

2.2 The members of the Committee and its chairman are appointed by the Board of Directors. The chairman of the Board of Directors cannot be appointed chairman of the Committee.

2.3 The Board of Directors may remove a member from the Committee at any time with or without cause.

## **3. Meetings**

3.1 The Committee shall meet at least four times a year. Additional meetings may be scheduled as determined by the Committee or its chairman.

3.2 Only the members of the Committee shall attend its meetings. The Committee may, however, invite or summon specific directors, employees, auditors or other external consultants to participate in specific meetings and parts thereof.

3.3 Adequate minutes shall be kept of all the Committee's meetings, and the Committee shall report on its actions and activities at the next meeting of the Board of Directors, including informing the Board of Directors of the outcome of the statutory audit and explain its contribution to the integrity of the financial statements.

3.4 Committee members shall receive copies of the minutes of each meeting. When distributed to the members, a copy of the minutes shall also be sent to the Board of Directors.

3.5 Except as otherwise stated herein the meeting of the Committee shall be governed by the same rules of procedure (including the options to conduct meetings by means of conference calls and other means of communication, rules on notice, incapacity etc.) applying to the meetings of the Board of Directors.

3.6 The Committee shall make decisions by simple majority of votes and shall form a quorum if at least half of its members are present. In case of an equality of votes, the chairman of the Committee shall have the casting vote.

#### **4. Authority and access to resources**

4.1 The Committee shall for the Company's account be entitled to retain advice or services from external professionals, including lawyers, accountants, financial experts etc., for the purpose of performing its duties satisfactorily. The Company shall provide all resources needed for these purposes.

4.2 Any communication between the Committee and legal counsels shall be considered subject to client/attorney privilege and the Committee will take all necessary steps to preserve the privileged nature of those communications.

4.3 The Committee may form and delegate authority to subcommittees provided that such subcommittees are composed exclusively by members of the Committee and may delegate authority in specific situations to one designated member of the Committee.

4.4 The Committee is authorized only to prepare recommendations and reports to the Board of Directors and not make any final decisions on any matter on behalf of the Board of Directors.

#### **5. Duties and responsibilities**

5.1 The principal duties and responsibilities of the Audit Committee are:

5.1.1 Reviewing and reporting on:

- significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- the annual report and related regulatory filings before release and consider the accuracy and completeness of the information, including whether the annual financial and non-financial (Sustainability) statements are complete, consistent with information known to the Committee members, and reflect appropriate accounting principles;
- significant findings and recommendations regarding internal control over financial reporting, together with management's responses;
- the external auditors' proposed audit scope and approach and the results of the audit, including any difficulties encountered and by taking into account any findings or conclusions by the competent authority;
- the external auditors' reports to the Executive Board and the Board of Directors, including management letters and long-form report, and to discuss such reports with the Executive Board and the Board of Directors;
- the performance of the external auditors, and making recommendations to the Board of Directors on the appointment or discharge of the auditors, the audit fees as well as confirming the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including the appropriateness of providing permissible non-audit services, and discussing the relationships with the auditors, including threats to independence and applicable safeguards; and
- Pre-approving permissible non-audit services and approve an appropriate policy regarding the provision of tax services or valuation services

5.1.2 Monitoring the financial reporting process, and submit recommendations to ensure its integrity, and reviewing the adequacy and effectiveness of the Company's internal control over financial and non-financial reporting, including information technology, security and control.

5.1.3 Monitoring the effectiveness of the Company's risk management systems in relation to financial and non-financial reporting and reviewing and discussing policies with respect to risk assessment and risk management.

5.1.4 Assessing the need to establish (i) a whistleblowing system and (ii) an internal audit function at least on a yearly basis and assisting in the establishment and monitoring thereof.

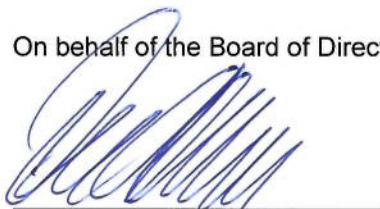
- 5.1.5 On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
- 5.1.6 Establishing an introduction program for new Committee members, and ensure frequent and relevant updates and education for the Committee members.
- 5.1.7 Reviewing on an annual basis this Charter and make recommendations to the Board of Directors for possible changes.
- 5.1.8 Performing an annual self-evaluation of the Committee's performance.

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This charter is made available on the Company's website as recommended by the Danish Corporate Governance Committee.

As adopted by the Board of Directors on 25 October 2016

On behalf of the Board of Directors:



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Ole Andersen