

Corporate governance

Royal Unibrew has focus on running its business and designing its management systems in accordance with good corporate governance practices. The objective is to ensure that Royal Unibrew meets its obligations to shareholders, customers, employees, authorities and other stakeholders in the best possible way and that long-term value creation is pursued.

The recommendations of the Committee on Corporate Governance, current legislation and regulation within the area, best practices and internal rules provide the framework for Royal Unibrew's corporate governance.

For the financial year 2019, Royal Unibrew has prepared a remuneration report in accordance with section 139b of the Danish Companies Act and the draft European Commission Guidelines on the standardized presentation of the remuneration report. The report concludes that the remuneration of the Board of Directors and the Executive Board has been provided in accordance with the remuneration policy and incentive guidelines of Royal Unibrew adopted by the AGM on 25 April 2019.

In 2019, Royal Unibrew established a whistleblower scheme for expedient and confidential notification of possible or suspected wrong doings. One whistleblower case was reported in 2019, investigations were initiated, and appropriate actions were taken.

Royal Unibrew complies with the Danish Corporate Governance Recommendations with one exception. For the longterm incentive plan related to the financial years 2017-2019 and based on restricted (conditional) shares, the vesting period for the residual part of the incentive plan related to the financial year 2020 is less than minimum three years as recommended.

Royal Unibrew's website <http://investor.royalunibrew.com/corporate-governance> provides a detailed description of the Board of Directors' approach to the Corporate Governance Recommendations issued by the Committee on Corporate Governance and designated by Nasdaq Copenhagen.

Diversity

The statement below is made in accordance with section 99 b of the Danish Financial Statements Act.

Royal Unibrew aims to promote diversity based on a conviction that diversity leads to a higher level of cohesion and supports long term value creation. This includes a more equal representation of both genders, both within the Board of Directors as well as in our respective management teams and our workforce in general. We believe that a diversified organization increases the versatility and total competences of the Company and improves decision-making processes.

The international management team of Royal Unibrew – a total of 142 leaders – comprises 68% (2018: 69%) men and 32% (2018: 31%) women. Our target is a more balanced gender representation of at least 40% of each gender. When recruiting new executives, we prioritize identifying candidates of both genders without discrimination and aim to encourage female candidates' interest in taking on managerial tasks.

Currently, the Board of Directors consists of eight Board members elected by the AGM and three Board members elected by the Danish based employees (all males). Four of the members elected by the AGM are Danish and four are non-Danish. Two of the AGM elected board members are females and both were elected at the AGM in April 2019.

We aim for the Board of Directors to consist of expert members who should, to the widest extent possible, complement each other in terms of age, background, nationality, gender, etc., with a view to ensuring a competent and versatile contribution to the board duties at Royal Unibrew. These matters are taken into consideration when the Nomination and Remuneration Committee identifies new candidates for the Board of Directors, and it is an objective of the committee to identify both male and female candidates. However, recommendation of candidates will always be based on an assessment of the individual candidate's competences and how he/she will match Royal Unibrew's needs and contribute to the overall efficiency of the Board.

Shareholder and stakeholder relations

Royal Unibrew's Management strives and works actively to maintain a good and transparent communication and dialogue with its shareholders and other stakeholders. We believe that a high level of transparency in the communication of information on the Company's development supports our work and a fair valuation of the Company's shares. Our openness is limited only by the duties of disclosure of Nasdaq Copenhagen and by competitive considerations.

The dialogue with and communication to shareholders and other stakeholders take place in connection with the publishing of Annual and Interim Reports and other announcements communicated via audio casts, meetings with investors, analysts and the

media. Annual and Interim Reports and other announcements are available at Royal Unibrew's website immediately after being published. Our website also includes material used in connection with investor presentations and audio casts.

According to the Articles of Association of the Royal Unibrew, general meetings shall be convened not more than five weeks and not less than three weeks prior to the general meeting. It is an objective to formulate the notice convening the meeting and the agenda in a way that gives shareholders an adequate presentation of the business to be transacted at the general meeting. Proxies are limited to a specific general meeting and are formulated also to allow absent shareholders to give specific proxies for individual items of the agenda – either to the Board of Directors or to a person attending the general meeting. All documents relating to general meetings are published at Royal Unibrew's website.

Each share of a nominal value of DKK 2 entitles the holder to one vote. Royal Unibrew's shares are not subject to any restrictions of voting rights, and the Company has only one class of shares.

All shareholders may submit proposals for resolutions to the Board of Directors to be considered at the AGM; such proposals for resolutions are to be received by the Board of Directors no later than six weeks prior to the date of the AGM.

Board of Directors

The Board of Directors oversees the company's overall strategy and supervises the organizational, financial and performance management of the Company as well as continuously evaluates the work performed by the Executive Board on behalf of the shareholders.

The Board of Directors performs its tasks in accordance with the Rules of Procedure of the Company governing the Board of Directors and the Executive Board. These Rules of Procedure are reviewed and updated annually by the Board of Directors.

The Board of Directors usually meets for six annual ordinary board meetings, of which at least one focuses on the Company's strategy and prospects and one takes place in a market in which the Company operates. In addition, the Board members meet when required. In 2019, 9 board meetings were held, and the following absentees were noted:

Heidi Kleinbach-Sauter 1 time absent
Lars Vestergaard 1 time absent

The Board of Directors has established the following committees:

Nomination and Remuneration Committee

The committee consists of the Chairman and the Deputy Chairman of the Board of Directors. In 2019, the primary activities of the committee were the preparation of the annual evaluation of the Board of Directors, the selection and nomination of potential new candidates for the Board of Directors, the overall succession planning of the Board of Directors and the Executive Board as well as the assessment and recommendation of remuneration of the Board of Directors and the Executive Board. Furthermore, the committee considered the implications of the implementation of the revised Shareholder Rights Directive and prepared the remuneration report to be presented at the AGM in 2020. The committees had 20 meetings in 2019.

Audit Committee

The committee consists of two members; the Chairman (Lars Vestergaard) and one member (Christian Sagild). The low level of complexity of the business and wide usage of standard and automated IT tools are the prime reasons for the size of the committee. It is the Audit Committee's objective to secure quality and integrity in the Company's presentation of Financial Statements, audit and financial reporting. Further, the Audit Committee monitors accounting and reporting processes, the audit of the Company's financial reporting, risk issues and the external auditor's performance and independence. Moreover, the Audit Committee assesses and recommends to the Board of Directors re-election of external auditors. The external auditor has participated in all meetings of the Audit Committee. The committee had four meetings in 2019.

Evaluation of the work of the Board of Directors

Evaluation of the work of the Board of Directors takes place annually. The evaluation focuses on ensuring that the Board of Directors (as a body) has expertise and experience within Fast Moving Consumer Goods (FMCG), production, sales and marketing of brands globally and in business-to-business markets, strategic and general management and within economic, financial and capital market issues, including those relating to listed companies. The evaluation is facilitated by the Chairman of the Board of Directors. For this purpose, the Chairman receives written replies to a questionnaire distributed to all members of the Board. The findings of the evaluation were presented and discussed at a Board meeting and it was concluded that the Board of Directors possesses the necessary competencies taken Royal Unibrew's business model and strategy into consideration.

An external consultant is involved in the evaluation at least every third year which will take place in 2020.

Both the performance of the Executive Board and the cooperation between the Board of Directors and the Executive Board are evaluated annually as a minimum.

Composition of the Board of Directors

When composing the Board of Directors, we emphasize that the members have the competences required. The Board of Directors assesses its composition annually, ensuring that the combined competences and diversity of the members match the Group's activities.

Candidates for the Board of Directors are recommended for election by the general meeting supported by motivation in writing by the Board of Directors as well as a description of the recruiting criteria. The individual members' competences and credentials are described in the below section on the Board of Directors and the Executive Board. Upon their election, the new Board members are introduced to the company through a focused program.

Election of members by the employees takes place in compliance with the company law rules described at the Company's website. When joining the Board of Directors, the members elected by the employees are offered relevant training in serving on a board.