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 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 2020, Royal Unibrew has prepared a remuneration report in accordance with section 139b of the Danish Companies Act. The report concludes that the remuneration of the Board of Directors and the Executive Management has been provided in accordance with the remuneration policy and incentive guidelines of Royal Unibrew adopted by the AGM on 28 April 2020.

Royal Unibrew established a whistleblower scheme in 2019 for expedient and confidential notification of possible or suspected wrong doings. In 2020, no whistleblower cases were reported.

Royal Unibrew's website https://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 Nasdag Copenhagen.

Diversity and inclusion

Royal Unibrew strives to promote diversity based on a conviction that inclusion and diversity contributes to achieving Royal Unibrew's vision and goals in a competitive global business environment. This includes a diverse and strong blend of educational background work and life experience, diversity of beliefs, nationality and gender, 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 123 leaders – comprises 67% [2019: 68%] male and 33% [2019: 32%] female. Our target is a more balanced gender representation of at least 40% of each gender in the Board of Directors and international management teams. 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 six Board members elected by the AGM and three Board members elected by the Danish based employees (all males). Three of the members elected by the AGM are Danish and three are non-Danish. Two of the AGM elected board members are females.

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 taking into consideration when the Nomination and Remuneration Committee identifies new candidates for the

POLICY ON DATA ETHICS

Pursuant to changes in the Danish Financial Statements Act listed companies are required to adopt a policy on data ethics and include a statement of the company's policy in the annual report – or explain if the company does not have a data ethics policy. The new rules impose further obligations in addition to the GDPR and will apply from the financial year 2021.

Royal Unibrew adopted its policy on data ethics in 2020. The policy establishes the overall guidelines and principles for how data ethics is considered and included in the use of data as well as design and implementation of technologies, especially new technologies, used for processing of personal data in Royal Unibrew.

The policy is based on the 10 principles on data ethics adopted by the Danish Council for Digital Security (Rådet for Digital Sikkerhed) and sets the general guidelines as well as specific details on relevant topics, e.g. legality, ethical design, consequences of processing data, security, transparency and respect for human rights.

The existing GDPR Steering Committee (CFO, CIO, HR Director and General Counsel) is responsible for the data ethics policy and its implementation, while the practical compliance with the policy is incorporated in the existing data protection compliance program in Royal Unibrew.

The data ethics statement will be included in the 2021 annual report.

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 financial reports and other announcements communicated via audio casts, meetings with investors, analysts and the media. Financial 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 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 Management on behalf of the shareholders.

ATTENDANCE AT MEETINGS (IN TOTAL 12)

	Position	Board meetings
Walther Thygesen	Chairman	
Jais Valeur	Vice chairman	
Catharina Stackelberg-Hammarén	Board member	
Christian Sagild	Board member	
Claus Kærgaard	Board member	
Einar Esbensen Nielsen	Board member	
Floris van Woerkom	Board member	
Heidi Kleinbach Sauter	Board member	
Karsten Slotte	Board member	
Lars Vestergaard	Board member	
Martin Alsø	Board member	

- Attended the meeting
- Did not attend the meeting
- $\ \square$ Not a board member at the time

The Board of Directors performs its tasks in accordance with the Rules of Procedure of the Company governing the Board

TAX

Royal Unibrew seeks to comply with all tax legislation to its business operations and, in doing so, aims to minimize its tax risk by actively seeking to identify, evaluate, monitor, and manage tax risks.

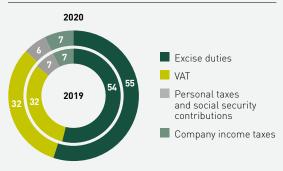
The resulting allocation of profits is regularly tested for compliance with this standard.

Royal Unibrew has taken action to ensure that it meets the enhanced transfer pricing disclosures and documentation requirements by tax authorities and OECD.

All interactions with Tax Authorities are conducted in an open, collaborative, and professional manner.

TAX BY CATEGORY

(%)



The total contribution through taxes in 2020 amounted to DKK 4.7 billion (2019: 4.8 billion).

of Directors and the Executive Management. 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 2020, 12 board meetings were held.

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 2020, the primary activities of the committee were the preparation of the annual evaluation of the Board of Directors and the Executive Management, the selection and nomination of potential new candidates for the Board of Directors, succession of the CEO, the overall succession planning of the Board of Directors as well as assessment and recommendation of remuneration of the Board of Directors and the Executive Management. 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 2021. The committee had 28 meetings in 2020.

ATTENDANCE AT MEETINGS (IN TOTAL 28)

	Position	Remuneration and Nomination Committee
Walther Thygesen	Chairman	
Jais Valeur	Vice chairman	

- Attended the meeting
- Did not attend the meeting
- ☐ Not a committee member at the time

Audit Committee

The committee consists of two members; the Chairman (Floris van Woerkom) 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 election of external auditors. The external auditor has participated in all ordinary meetings of the Audit Committee. The committee held eight meetings in 2020.

ATTENDANCE AT MEETINGS (IN TOTAL 8)

	Position Audi	t Committee Meetings
Christian Sagild	Board member	
Floris van Woerkom	Chairman Audit Committee, Board member	
Lars Vestergaard	Board member	

- Attended the meeting
- Did not attend the meeting
- □ Not a committee member at the time

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 based on the 2020 evaluation 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. An evaluation by an external consultant took place in 2020.

Both the performance of the Executive Management and the cooperation between the Board of Directors and the Executive Management 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 Management. 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.