



Remuneration Report 2020

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Basis for the remuneration report and compliance with the remuneration policy

This remuneration report provides an overview of the total remuneration earned by each member of the Board of Directors and of the Executive Board of Royal Unibrew A/S, CVR no. 41956712, ("Royal Unibrew" or the "Company") during the 2020 financial year with comparative figures for the previous financial years (2018 and 2019). The Executive Board means the members of the executive management of Royal Unibrew registered with the Danish Business Authority.

The remuneration of the Board of Directors and Executive Board during the past financial year has been provided in accordance with the remuneration policy and incentive guidelines of Royal Unibrew adopted by the Annual General Meeting on 15 April 2020 and available on the Company's website, www.royalunibrew.com. The overall objective of the remuneration is to attract, motivate and retain qualified members of the Board of Directors and the Executive Board, to align the

interests of the Board of Directors and the Executive Board with the interests of the shareholders and other stakeholders as well as to support Royal Unibrew's strategic goals and promote value creation to the benefit of the shareholders.

The remuneration report has been prepared in accordance with section 139b of the Danish Companies Act and the draft European Commission Guidelines on the standardized presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement.

The information included in the remuneration report has been derived from the audited annual reports of the Company for the financial years 2018-2020, available on the Company's website, www.royalunibrew.com.

Overview financial performance

In 2020, Royal Unibrew delivered continued increased financial results despite the Covid-19 pandemic, and market shares in most markets improved compared to 2019. Net revenue decreased 2% to DKK 7,557 million, EBIT grew 3% to DKK 1,515 million, and free cash flow grew 24% to DKK 1,414 million.

The financial performance in 2020 is directly reflected in the cash bonus of the financial year. Bonuses for the financial year 2020 were paid in March 2021.

Remuneration of the Board of Directors

Royal Unibrew aims for the remuneration to match the level of peer companies and to accommodate the requirements relating to the board members' competences, performance and scope of board work, including the number of meetings.

The Board of Directors receives a fixed cash remuneration, which is approved annually by the general meeting – no later than in connection with the approval of the annual report for the relevant year. Accordingly, the Board of Directors does not receive variable or share-based remuneration.

If particularly extensive ad hoc committee work or the like is required, the Board of Directors may determine a special fee based on the scope of such work.

The members of the Board of Directors elected by the employees are remunerated on equal terms with the members elected by the general meeting.

Expenses incurred in connection with travelling, meetings, etc. are reimbursed by the company. Foreign social taxes and other taxes related to the remuneration and paid to foreign authorities within EU may be reimbursed.

The remuneration for 2020 has been approved at the company's Annual General Meeting in April 2020.

Table 1: Board fee

DKK '000	Board	Audit Committee	Nomination and Remuneration Committee
Member	380 (base fee)	125 (33% of base fee)	125 (33% of base fee)
Chairman	380 (base fee) +760 (200% of base fee)	190 (50% of base fee)	190 (50% of base fee)
Deputy chairman	380 (base fee) +285 (75% of base fee)		

Remuneration of the Board of Directors

Table 2: Remuneration of the Board of Directors for 2019 and 2020

Name	Position	Year	Board fee DKK '000	Committee fee DKK '000	Other allowances DKK '000	Total remuneration DKK '000
Walther Thygesen	Chairman of the board and the Nomination and Remuneration Committee	2020	1,140	190	5	1,335
		2019	1,140	190	3	1,333
Jais Valeur	Deputy chairman of the board and member of the Nomination and Remuneration Committee	2020	665	125		790
		2019	665	125	1	791
Martin Alsø	Employee representative	2020	380			380
		2019	380			380
Einar Esbensen Nielsen	Employee representative	2020	380			380
		2019	380		1	381
Heidi Kleinbach-Sauter	Member of the board (from April 2019)	2020	380		4	384
		2019	253		7	260
Claus Kærgård	Employee representative	2020	380			380
		2019	380			380
Christian Sagild	Member of the board and the Audit Committee	2020	380	125		505
		2019	380	125		505
Karsten Matthias Slotte	Member of the board (until April 2020)	2020	95		12	107
		2019	380		54	434
Catharina Stackelberg-Hammarén	Member of the board (from April 2019)	2020	380		5	385
		2019	253		12	265
Lars Vestergaard	Member of the board and chairman of the Audit Committee (until April 2020)	2020	95	48		143
		2019	380	190	1	571
Floris van Woerkom	Member of the board (from April 2018) and chairman of the Audit Committee (from April 2020)	2020	380	143	40	563
		2019	380		24	404
Total 2020			4,655	631	66	5,352
Total 2019			4,971	631	102	5,704

Remuneration of the Executive Board

The Board of Directors believes that a combination of fixed and performance-driven remuneration to the Executive Board will ensure that Royal Unibrew can attract and retain the right executives. A partially incentive-based remuneration is designed to serve the short- and long-term objectives of the Company in a sustainable way.

The Executive Board members are employed on individual service contracts on terms decided by the Nomination and Remuneration Committee and in accordance with the approved Remuneration Policy.

The Nomination and Remuneration Committee evaluates the Executive Board's remuneration annually against relevant benchmarks.

In 2020, the Executive Board was remunerated by a market-conforming and competitive remuneration package comprising three elements:

- Fixed remuneration ("base salary") in accordance with the Remuneration Policy. The fixed remuneration is based on market level intended to attract and retain competent key employees with a view to contribute to the Company's ability to obtain its short- and long-term financial and non-financial targets
- Ordinary bonus ("short term") in accordance with the Remuneration Policy. The short term bonus is intended to ensure the achievement of the Company's short-term targets. Short term bonus cannot exceed 60% of the base salary.
- Long-term bonus ("restricted (conditional) shares or cash") in accordance with the Remuneration Policy. The long-term bonus is intended to ensure the achievement of the Company's long-term targets. Long term bonus cannot exceed 66% of the base salary.
- In 2020, Lars Vestergaard is not included in the company's long-term bonus scheme, but is eligible to an extraordinary stay on bonus of up to 38% of his base salary to be paid out in two tranches in 2021 and in 2022.
- In addition, the Executive Board receives benefits such as company cars, phones etc. and is covered by Royal Unibrew's insurance schemes e.g. accident and life insurance.

Table 3: Remuneration of the Executive Board for 2019 and 2020

Name	Position	Year	Fixed remuneration		Variable remuneration		Total remuneration DKK '000
			Base salary DKK '000	Benefits DKK '000	Cash bonus DKK '000	Restricted (conditional) shares DKK '000	
Johannes F.C.M. Savonije	President and CEO (January-August 2020)	2020	9,867	4	4,933	3,979	18,782*
		% of total	53	0	26	21	100
		2019	7,400	3	3,700	3,393	14,496
		% of total	51	0	26	23	100
Lars Jensen**		2020	5,867	156	2,933	2,652	11,608
		% of total	51	1	25	23	100
		2019	4,400	209	2,200	2,598	9,407
		% of total	47	2	23	28	100
Lars Vestergaard***	CFO (from April 2020)	2020	3525	151	3563		7,239
		% of total	49	2	49	0	100
Total	Executive Board	2020	19,258	311	11,429	6,631	37,629
		% of total	51	1	30	18	100
		2019	11,800	212	5,900	5,991	23,903
		% of total	49	1	25	25	100

* Cf. agreement re severance payment the remuneration for 2020 include DKK 7.4 million, which is in compliance with the approved Remuneration Policy.

** President and CEO from September 2020, COO April-August 2020, CFO until April 2020.

*** Lars Vestergaard joined the company after the award of the share scheme and therefore the Long Term Incentive was earned as a cash bonus for the year 2020.

Remuneration of the Executive Board

Cash bonus for the Executive Board

Cash bonus is granted and its size depends on the achievement of targets agreed for one year at a time - primarily relating to Royal Unibrew's budgeted targets and results, financial key figures or other measurable individual results.

Table 4: Cash bonus for the Executive Board*

Name	Position	Weight	2020		2019		
			Minimum bonus DKK '000	Maximum bonus DKK '000	Weight	Minimum bonus DKK '000	Maximum bonus DKK '000
Johannes F.C.M. Savonije	President and CEO (retired)						
<i>KPI's:</i>							
EBIT		80%	0	3,946	80%	0	2,960
Free cash flow		20%	0	987	20%	0	740
			0	4,933**		0	3,700
Lars Jensen	President and CEO						
<i>KPI's:</i>							
EBIT		80%	0	2,346	80%	0	1,760
Free cash flow		20%	0	587	20%	0	440
			0	2,933		0	2,200
Lars Vestergaard	CFO						
<i>KPI's:</i>							
EBIT		80%	0	2,850			
Free cash flow		20%	0	712			
			0	3,563			

* The long term bonus can be paid out in cash but is typically in the form of shares.

** Cf. agreement re severance payment the remuneration for 2020 include DKK 2.5 million, which is in compliance with the approved Remuneration Policy.

Remuneration of the Executive Board

Restricted (conditional) shares

For the vesting period 2017-2020 the following conditions have been offered:

The number of shares depends on the extent to which the EBIT and free cash flow targets defined by the Board of Directors are achieved in the vesting period as well as on the dividend distributed by the Company in the vesting period. Weight of the EBIT-target is 80%, and weight of the free cash-flow-target is 20%.

For the vesting period 2017-2019 have been offered:

On 17 January 2017: Estimated max. 64,200 shares at a value of DKK 17 million based on the shareprice on the day of DKK 264.

On 6 March 2018: Further estimated max. 8,250 shares at a value of DKK 3 million based on the shareprice on the day of 370.

For the vesting period 2020 have been offered:

On 6 March 2018: Max. 17,921 shares at a value of DKK 7 million based on the shareprice on the day of 370.

For the vesting period 2021-2023 the following conditions have been offered:

On 3 March 2021: Estimated 19,081 share at a theoretical fair market value of the program of DKK 7,4 million. The value is calculated using historical performance and market development assumptions to project the performance of the different KPIs under different expected scenarios. The value is then calculated as the average expected award multiplied by the market value of the total number of shares.

As part of Royal Unibrew's continued efforts to retain key staff and to align interest with shareholders, the Executive

Board has been offered to participate in a Long Term Incentive Plan. The vesting period is three years and vesting is subject to fulfillment of 4 ambitious targets. The maximum value of the annual grant is transferred into conditional shares. Each conditional share entitles the holder to receive one Royal Unibrew share of a nominal value of DKK 2 for no consideration. The number of shares will be adjusted to reflect the average price of 5 working days after release of the annual report.

The number of shares depends on 4 targets:

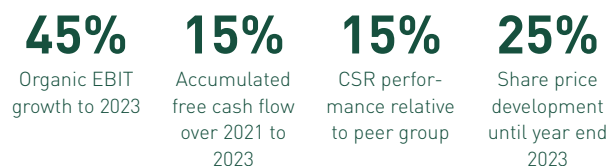


Table 5: Restricted (conditional) share programmes for the Executive Board

Name and position	Position	Program	Performance period	Award date	Vesting date	Vested shares	Value at award date DKK '000	Maximum number of shares	Minimum number of shares
Johannes F.C.M. Savonije	President and CEO (retired)	2017-2019	2017-2019	17.01.2017	31.12.2019	34,169	9,021		
		2017-2019	2017-2019	06.03.2018	31.12.2019	5,224	1,933		
		2020	2020	06.03.2018	31.12.2020	10,753	3,979		
Lars Jensen	President and CEO	2017-2019	2017-2019	17.01.2017	31.12.2019	27,017	7,132		
		2017-2019	2017-2019	06.03.2018	31.12.2019	3,396	1,256		
		2020	2020	06.03.2018	31.12.2020	7,168	2,652		
		2021	2021-2023	03.03.2021	31.12.2023	4,560	4,560	11,790	0
Lars Vestergaard	CFO	2021	2021-2023	03.03.2021	31.12.2023		2,820	7,291	0

Remuneration of the Executive Board

Termination and severance payments

In connection with Lars Jensen's accession to his position as CEO of Royal Unibrew A/S in 2020, his termination notice period has been prolonged to mutually 18 months' notice during the first 24 months after his accession. This replaces a severance payment in case of a termination from the company's side.

In connection with Lars Vestergaard's accession to his position as CFO of Royal Unibrew A/S in 2020, his termination notice period has been prolonged to mutually 9 months' notice during the first 24 months after his accession. Lars Vestergaard receives a severance payment of 6 months' salary in the case of the company's termination of his employment.

In accordance with the Remuneration Policy, the total value of the remuneration during the notice period and the severance pay cannot exceed 2 years' remuneration, including all remuneration components.

In case of a full or partial takeover of Royal Unibrew A/S, the Executive Board will receive no compensation. However, a member of the Executive Board may choose to consider himself dismissed in such event.

Claw-back

If, following the allocation of bonus to the Executive Board, it turns out that the bonus was paid mistakenly, the Company may in exceptional cases re-claim the bonus in part or in full.

Remuneration, comparative overview

Table 6: Comparison of remuneration and company performance over the past three years

DKK '000	2020	change	2019	change	2018
Executive board - remuneration					
Johannes F.C.M. Savonije (retired)	18,782*	30%	14,496	8%	13,363
Lars Jensen	11,608	23%	9,407	-1%	9,540
Lars Vestergaard	7,239				
Board of directors - remuneration					
Walther Thygesen, chairman	1,335	0%	1,333	54%	868
Jais Valeur, deputy chairman	790	0%	791	31%	604
Martin Alsø	380	0%	380	25%	304
Einar Esbensen Nielsen	380	0%	381	81%	210
Heidi Kleinbach-Sauter (from april 2019)	384	48%	260		
Claus Kærgård	380	0%	380	82%	209
Christian Sagild	505	0%	505	107%	244
Karsten Mattias Slotte (until april 2020)	107	-75%	434	24%	349
Catharina Stackelberg-Hammarén (from april 2019)	385	45%	265		
Lars Vestergaard (until april 2020)	143	-75%	571	120%	260
Floris van Woerkom	563	39%	404	79%	226
Financial performance (group)					
Net revenue	7,556,654	-2%	7,692,479	5%	7,298,086
EBIT	1,515,015	3%	1,469,095	10%	1,339,391
Average remuneration of employees					
Royal Unibrew employees (company)	546	1%	542	0%	542
Royal Unibrew employees (group)**	409	-1%	415	0%	414

* Cf. agreement re severance payment the remuneration for 2020 include DKK 7.4 million, which is in compliance with the approved Remuneration Policy.

** The average salary is impacted by amongst other acquisitions where more employees are in countries with lower salaries, as well as postponed replacements of higher paid jobs during COVID-19.

