

## **CORPORATE GOVERNANCE**

**Royal Unibrew Management emphasises corporate governance and regularly performs reviews of the Company's rules, policies and practice. The objective is to ensure that the Company meets its obligations to shareholders, customers, employees, authorities and other stakeholders in the best possible way and that long-term value creation is supported.**

With only few exceptions described below, Royal Unibrew lives up to the Corporate Governance Recommendations issued by NASDAQ OMX Copenhagen.

### **SHAREHOLDER AND STAKEHOLDER RELATIONS**

Royal Unibrew's Management wants and works actively to maintain good and open communication and dialogue with its shareholders and other stakeholders. The Company believes that a high level of openness in the communication of information on the Company's development supports the Company's work and a fair valuation of the Company's shares. The Group's openness is limited only by the duties of disclosure of NASDAQ OMX Copenhagen and by competitive considerations.

The dialogue with and communication to shareholders and stakeholders take place by the issuing of Interim Reports and other announcements by the Company, via webcasts, meetings with investors, analysts and the press. Interim Reports and other announcements are accessible at Royal Unibrew's website immediately after being published. Our website also includes material used in connection with investor presentations and webcasts.

According to the Articles of Association of the Company, 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 so as to give 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 in such a way as to allow absent shareholders to give specific proxies for individual items of the agenda.

Each share denomination of DKK 10 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.

### **WORK OF THE SUPERVISORY BOARD**

The Supervisory Board handles overall strategic management, financial and managerial supervision of the Company as well as continuous evaluation of the work performed by the Executive Board.

The Supervisory Board performs its work in accordance with the Rules of Procedure of the Company governing the Supervisory and Executive Boards. These Rules of Procedure are reviewed and updated regularly by the full Supervisory Board.

The Supervisory Board members meet for four annual ordinary board meetings, one of which focuses on the Company's strategic situation and prospects. In addition, the Supervisory Board members meet when required.

The Supervisory Board has established the following committees:

**Nomination committee**

The nomination committee consists of the Company's Chairman and Deputy Chairman. For a period of 2010, the committee consisted solely of the Company's Deputy Chairman (the then temporary Chairman) due to the death of the former Chairman, Erik Højsholt. In 2010 the primary task of the nomination committee has been to manage the board renewal process with four new members being elected to the Supervisory Board at the Annual General Meeting and the subsequent Extraordinary General Meeting, respectively. The committee members meet on an ad hoc basis.

**Remuneration committee**

The remuneration committee consists of the Company's Chairman and Deputy Chairman. In 2010 the committee recommended adoption of the "Overall Guidelines for Incentive Pay at Royal Unibrew A/S", which were adopted at the Annual General Meeting on 27 April 2010. Moreover, the remuneration committee, and thus the Supervisory Board, recommends that a remuneration policy for the Supervisory and Executive Boards be adopted at the next Annual General Meeting on 28 April 2011. The committee members meet on an ad hoc basis.

**Audit committee**

The Supervisory Board of Royal Unibrew has decided to take on the audit committee tasks jointly. This should be viewed in light of the Company's size, transparency of reporting and clear procedures, due to which the Company's Supervisory Board finds no need for a separate audit committee.

**COMPOSITION OF THE SUPERVISORY BOARD**

When composing the Supervisory Board, we emphasise that the members have the competences required to solve the task. Candidates for the Supervisory Board are recommended for election by the general meeting supported by motivation in writing by the Supervisory Board as well as a description of the recruiting criteria. The individual members' competences are described in the section "Supervisory and Executive Boards". When joining Royal Unibrew, new members of the Supervisory Board are given an introduction to the Company and to the markets in which it operates.

At present, the Supervisory Board consists of seven members elected by the general meeting and three members elected by the employees. Election of members by the employees takes place in compliance with the company law rules. When joining the Supervisory Board, the members elected by the employees are offered relevant training in serving on a board.

The Deputy Chairman of the Supervisory Board, Tommy Pedersen, has been a member of the Supervisory Board for 12 years and cannot, therefore, be considered independent. As an element in the board succession process, Tommy Pedersen has decided not to accept re-nomination at the next Annual General Meeting as announced at the Company's Extraordinary General Meeting on 11 October 2010. The Supervisory Board intends to elect Kåre Schultz Chairman and Walther Thygesen new Deputy Chairman.

All other members of the Supervisory Board elected by the general meeting are considered independent.

The retirement age of members of the Supervisory Board of Royal Unibrew is 65 according to the Rules of Procedure governing the Supervisory Board. The Supervisory Board considers its composition annually, including that the competences and diversity of the Supervisory Board match the Company's activities.

Annual evaluation of the work of the Supervisory Board is performed. The evaluation is made by the Chairman of the Supervisory Board.

The Executive Board and the cooperation between the Supervisory Board and the Executive Board are evaluated on an annual basis as a minimum.

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Generally, Royal Unibrew complies with the Corporate Governance Recommendations issued by NASDAQ OMX Copenhagen with the following few exceptions:

**Retirement age, (recommendation 5.8):**

**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 the board of directors (supervisory board).**

- Royal Unibrew's Articles of Association do not fix a retirement age for members of the supreme governing body. However, it appears from the Rules of Procedure governing the Supervisory Board that Royal Unibrew A/S has fixed a retirement age of 65 for members of the Supervisory Board. The age of each member of the Supervisory Board is disclosed in the Annual Report.

**Board committees, (recommendation 5.10):**

**The Committee recommends that the supreme governing body establish an actual audit committee.**

- The Supervisory Board of Royal Unibrew has decided to take on the audit committee tasks jointly. This should be viewed in light of the Company's size, transparency of reporting and clear procedures, due to which the Company's Supervisory Board finds no need for a separate audit committee.

**Disclosure of the remuneration policy, (recommendation 6.2):**

**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.**

- The remuneration of members of the Supervisory Board is disclosed in the section "Remuneration of Supervisory Board and Executive Board". Disclosure of the remuneration of the individual members of the Executive Board is not at present considered material to stakeholders' assessment. The total remuneration of the Executive Board is disclosed in note 4. The remuneration of the Executive Board is considered in line with that of peer companies. The remuneration of the Executive Board is in accordance with the remuneration policy.