

## CORPORATE GOVERNANCE

**Royal Unibrew Management emphasises corporate governance, and the Company's management systems are continuously assessed and developed. 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 supported.**

The Corporate Governance Recommendations from NASDAQ OMX Copenhagen, current legislation and regulation in the area, best practice and internal rules provide the framework for Royal Unibrew's Corporate Governance.

With only few exceptions described below, Royal Unibrew complies with the Corporate Governance Recommendations issued by NASDAQ OMX Copenhagen.

An complete description of Royal Unibrew's corporate governance practice is provided as an appendix below.

### Diversity

Royal Unibrew aims at promoting diversity, which includes achieving a reasonable representation of women, both on the Board of Directors and on the top management team, based on a wish to strengthen the versatility and total competences of the business and to improve decision-making processes.

The international management team of Royal Unibrew – comprising the Executive Board and the executives just below – comprises 63% men and 37% women. When new executives are recruited, emphasis is placed on identifying candidates of both genders without discrimination, and Royal Unibrew is seeking to encourage female candidates' interest in taking on managerial tasks.

At present, all directors of Royal Unibrew elected by the general meeting are men, while the directors elected by the employees are two men and one woman.

It is the Board of Directors' objective that its members 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 assessed when the nomination 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 candidates' competences and how they match Royal Unibrew's needs and contribute to the overall efficiency of the Board.

The target is to increase the share of women on the management team to approx 40% and on the AGM elected part of the Board of Directors to approx 20% over the coming years.

### 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. All documents relating to general meetings are published at Royal Unibrew's website.

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 Board of Directors

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

The Board of Directors performs its work 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 regularly by the full Board of Directors.

The directors meet for five annual ordinary board meetings, one of which focuses on the Company's strategic situation and prospects. In addition, the directors meet when required. In 2012 seven board meetings were held and one absentee was noted.

The Board of Directors has established the following committees:

### Nomination committee

The nomination committee consists of the Chairman and Deputy Chairman of the Board of Directors. In 2012 the primary activity of the nomination committee was the assessment of the composition of the Board of Directors. The committee members meet on an ad hoc basis and held four meetings in 2012.

### Remuneration committee

The remuneration committee consists of the Chairman and Deputy Chairman of the Board of Directors. In 2012 the primary activities of the remuneration committee were the assessment and recommendation of remuneration of the Board of Directors and the Executive Board. The committee members meet on an ad hoc basis and held three meetings in 2012. The committee and the Board of Directors prepared the remuneration policy for the Board of Directors and the Executive Board which was adopted at the AGM on 28 April 2011.

### Audit committee

The Board of Directors 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 Board of Directors finds no need for a separate audit committee. It is the Board of Directors' objective to secure quality and integrity in the Company's presentation of Financial Statements, audit and financial reporting. At the same time, the Board of Directors monitors accounting and reporting processes, the audit of the Company's financial reporting, risk issues and the external auditors' performance and independence.

### Composition and competencies of the Board of Directors

When composing the Board of Directors, we emphasise that the members have the competences required to solve the tasks. These competencies encompass the following areas:

- Executive as well as non-executive experience from listed companies
- Analytical skills as well as strategic understanding
- Branded fast moving consumer goods experience as manufacturer and/or international grocery retailer
- Exposure to local as well as emerging markets
- Financial management, Investor Relations, and M&A
- Experience from a small regional challenger role to international players
- Integrity, pragmatism, holistic, interpersonal skills, and business acumen

The Board of Directors assesses its composition annually, including ensuring that the combined competences and diversity of the members match the Company's business. The Board of Directors strives to achieve a composition so that its members, 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.

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 are described in the annual report's section on the Board of Directors and the Executive Board. When joining Royal Unibrew, new members of the Board of Directors are given an introduction to the Company and to the markets in which it operates.

At present, the Board of Directors consists of six members elected by the general meeting and three members elected by the employees.

Employee representation - Royal Unibrew A/S conducts the election of employee representatives to the Board of Directors in accordance with the Companies Act, chapter 8. The election of employee representatives is held in accordance with the

Executive Order No. 344 on employee representation in limited companies issued by the Commercial Agency. Employee representatives and alternates are elected for a 4-year period and have at the time when they join the board the same rights, responsibilities and obligations as the other board members. Latest election of employee representatives was conducted on 12 April 2010. When joining the Board of Directors, the members elected by the employees are offered relevant training in serving on a board.

### **Evaluation of the Board of Directors**

Annual evaluation of the work of the Board of Directors is performed. The evaluation is made 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 result of the Chairman's evaluation is presented and discussed at a meeting of the Board of Directors. The Chairman's evaluation in 2012 did not give rise to any changes.

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

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

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

**The Committee recommends that the supreme governing body establish an actual audit committee ensuring that the chairman of the supreme governing body is not the chairman of the audit committee.**

- The Board of Directors of Royal Unibrew has decided to take on the audit committee tasks jointly. In consequence of this, the chairman of the supreme governing body is also the chairman of the audit committee. The Board's decision to take on the audit committee tasks jointly should be viewed in light of the Company's size, transparency of reporting and clear procedures, due to which the Company's Board of Directors 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 Board of Directors is disclosed in the Annual Report in the section remuneration. 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 of the Annual Report. 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.