



Remuneration Report 2019

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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 received 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 2019 financial year with comparative figures for the previous financial year (2018). The Executive Board means the members of the executive management of Royal Unibrew registered as such 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 25 April 2019 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 - 2019, available on the Company's website, www.royalunibrew.com.

Overview financial performance

In 2019 Royal Unibrew delivered continued increased financial results, and market shares in most markets were better than in 2018. Net revenue grew 5% to DKK 7,692 million, EBIT grew 10% to DKK 1,669 million, and free cash flow grew 23% to DKK 1,159 million.

The financial performance in 2019 is directly reflected in the cash bonus of the financial year. Bonuses for the fiscal year 2019 were paid in March 2020.

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.

The remuneration for 2019 has been approved at the company's Annual General Meeting in April 2019.

Table 1: Board fee

DKK	Board	Audit Committee	Nomination and Remuneration Committee
Member	380,000 (base fee)	125,400 (33% of base fee)	125,400 (33% of base fee)
Chairman	380,000 (base fee) +760,000 (200% of base fee)	190,000 (50% of base fee)	190,000 (50% of base fee)
Deputy chairman	380,000 (base fee) +285,000 (75% of base fee)		

Remuneration of the Board of Directors

Table 2: Remuneration of the Board of Directors for 2018 and 2019

Name	Position	Year	Board fee DKK	Committee fee DKK	Other allowances DKK	Total remuneration DKK
Walther Thygesen	Chairman of the board and the Nomination and Remuneration Committee	2019	1,140,000	190,000	2,706	1,332,706
		2018	750,000	112,800	5,126	867,926
Jais Valeur	Deputy chairman of the board and member of the Nomination and Remuneration Committee	2019	665,000	125,400	672	791,072
		2018	525,000	74,250	4,436	603,686
Martin Alsø	Employee representative	2019	380,000			380,000
		2018	300,000		4,180	304,180
Einar Esbensen Nielsen	Employee representative (from april 2018)	2019	380,000		636	380,636
		2018	205,343		4,502	209,845
Heidi Kleinbach-Sauter	Member of the board (from april 2019)	2019	253,333		7,165	260,498
		2018				0
Claus Kærgård	Employee representative (from april 2018)	2019	380,000			380,000
		2018	205,343		3,813	209,156
Christian Sagild	Member of the board (from april 2018) and the Audit Committee (from august 2018)	2019	380,000	125,400		505,400
		2018	205,343	33,000	5,322	243,665
Karsten Matthias Slotte	Member of the board	2019	380,000		54,354	434,354
		2018	300,000		49,164	349,164
Catharina Stackelberg-Hammarén	Member of the board (from april 2019)	2019	253,333		11,442	264,775
		2018				0
Lars Vestergaard	Member of the board (from april 2018) and chairman of the Audit Committee (from august 2018)	2019	380,000	190,000	1,335	571,335
		2018	205,343	50,000	4,261	259,604
Floris van Woerkom	Member of the board (from april 2018)	2019	380,000		23,655	403,655
		2018	205,343		20,863	226,206
Total 2019			4,971,666	630,800	101,965	5,704,431
Total 2018			2,901,715	270,050	101,667	3,273,432

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 in accordance with the approved Remuneration Policy.

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

In 2019, the Executive Board was remunerated by a market-conforming and competitive remuneration package comprising three elements:

- **Fixed remuneration ("base salary")** 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 ("cash bonus")**, cf. the Remuneration Policy intended to ensure the achievement of the Company's short-term targets. Cash bonus can not exceed 60% of the base salary.
- **Long-term bonus** ("restricted (conditional) shares"), cf. the Remuneration Policy intended to ensure the achievement of the Company's long-term targets

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 2018 and 2019

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	2019	7,400	3	3,700	3,393	14,496
		<i>% of total</i>	<i>51</i>	<i>0</i>	<i>26</i>	<i>23</i>	<i>100</i>
		2018	6,000	3	3,000	4,360	13,363
		<i>% of total</i>	<i>45</i>	<i>0</i>	<i>22</i>	<i>33</i>	<i>100</i>
Lars Jensen	CFO	2019	4,400	209	2,200	2,598	9,407
		<i>% of total</i>	<i>47</i>	<i>2</i>	<i>23</i>	<i>28</i>	<i>100</i>
		2018	4,000	200	2,000	3,340	9,540
		<i>% of total</i>	<i>42</i>	<i>2</i>	<i>21</i>	<i>35</i>	<i>100</i>
Total	Executive Board	2019	11,800	212	5,900	5,991	23,903
		<i>% of total</i>	<i>49</i>	<i>1</i>	<i>25</i>	<i>25</i>	<i>100</i>
		2018	10,000	203	5,000	7,700	22,903
		<i>% of total</i>	<i>44</i>	<i>1</i>	<i>22</i>	<i>34</i>	<i>100</i>

Remuneration of the Executive Board

Table 4: 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.

Name	Position	Weight	2019		2018		
			Minimum bonus DKK '000	Maximum bonus DKK '000	Minimum bonus DKK '000	Maximum bonus DKK '000	
Johannes F.C.M. Savonije	President and CEO						
<i>KPI's:</i>							
		80%	1,480	2,960	80%	1,200	2,400
		20%	370	740	20%	300	600
			1,850	3,700		1,500	3,000
Lars Jensen	CFO						
<i>KPI's:</i>							
		80%	880	1,760	80%	800	1,600
		20%	220	440	20%	200	400
			1,100	2,200		1,000	2,000

Restricted (conditional) shares

As part of Royal Unibrew's continued efforts to focus on value creation for the company's shareholders, the Executive Board has been offered restricted (conditional) shares for no consideration as part of the long-term incentive plan. A restricted share entitles the holder to receive one Royal Unibrew share of a nominal value of DKK 2 for no consideration.

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 has 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 has 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.

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	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	10,054
Lars Jensen	CFO	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	6,702

Termination and severance payments

Royal Unibrew A/S may terminate the employment of a member of the Executive Board with up to 12 months' notice. A member of the Executive Board may terminate the employment with Royal Unibrew A/S with 6 months' notice. An agreement on severance pay may be made. In that event, 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 two years

DKK '000	2019	Change	2018
Executive board - remuneration			
Johannes F.C.M. Savonije	14,496	8%	13,363*
Lars Jensen	9,407	-1%	9,540*
Board of directors - remuneration			
Walther Thygesen, chairman	1,333	54%	868
Jais Valeur, deputy chairman	791	31%	604
Martin Alsø	380	25%	304
Einar Esbensen Nielsen (from april 2018)	381	81%	210
Heidi Kleinbach-Sauter (from april 2019)	260		
Claus Kærgård (from april 2018)	380	82%	209
Christian Sagild (from april 2018)	505	107%	244
Karsten Mattias Slotte	434	24%	349
Catharina Stackelberg-Hammarén (from april 2019)	265		
Lars Vestergaard (from april 2018)	571	120%	260
Floris van Woerkom (from april 2018)	404	78%	226
Financial performance (group)			
Net revenue	7,692,479	5%	7,298,086
EBIT	1,469,095	10%	1,339,391
Average remuneration of employees			
Royal Unibrew employees (company)	542	0%	542
Royal Unibrew employees (group)	415	0%	414

* Due to the change in the plan for restricted (conditional) shares, the recognised value in the financial year 2019 is less than one third of the total value and less than the value recognized in the financial year 2018.

