

Remuneration Policy for the Board of Directors and Executive Board of Royal Unibrew A/S

This Remuneration Policy for Royal Unibrew A/S's ("Royal Unibrew") Board of Directors and Executive Board has been designed to reflect shareholder and company interests and to take into account any specific circumstances, including the duties and the responsibility undertaken. Moreover, the Remuneration Policy is intended to promote long-term objectives for safeguarding company interests. This Remuneration Policy has been prepared in accordance with sections 139 and 139a of the Danish Companies Act.

1. General principles

This Remuneration Policy describes the principles of and framework for the total remuneration paid to members of the Board of Directors and the Executive Board of Royal Unibrew. Accordingly, the Remuneration Policy comprises both fixed remuneration, pension plans, severance programmes and other benefits as well as variable remuneration with due regard to the company's short- and long-term objectives for the company to ensure that this method of remuneration does not lead to imprudence or unreasonable behavior or acceptance of risks.

As part of the Board of Directors' preparation of the Remuneration Policy, the Board of Directors has taken into consideration the annual base salary increases for the employees of Royal Unibrew. Furthermore, the Board of Directors has assessed and considered that the ratio between the remuneration of the Executive Board and the remuneration terms of other employees of Royal Unibrew is in line with the tasks and responsibility of the Executive Board relative to the employees.

The Executive Board shall mean the members of the Executive Board of Royal Unibrew as registered, from time to time, with the Danish Business Authority. Other staff groups are not comprised by the Remuneration Policy but may have (and usually will have) bonus schemes or other incentive-based remuneration programmes included in their respective employment terms.

2. 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 members of the Board of Directors receive 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 fix 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 Royal Unibrew. If relevant, Royal Unibrew pays social security and similar taxes imposed by foreign authorities in relation to the fee of a member of the Board of Directors.

3. The Executive Board

The employment terms and the remuneration to the members of the Executive Board are specifically agreed between each individual member of the Executive Board and the Board of Directors within the framework of this Remuneration Policy. The remuneration usually includes a combination of the following remuneration components:

- Fixed remuneration (“Gross Salary”), including pension, cf. section 3.1;
- Ordinary bonus, cf. section 3.2(a); and
- Long-term bonus, cf. section 3.2(b).

Furthermore, the Board of Directors may in individual cases grant an extraordinary bonus to a member of the Executive Board, cf. section 3.2(c).

The table below illustrates the intended relative proportions (rounded figures) of the remuneration components (based on maximum utilization of the ordinary bonus, cf. section 3.2(a), and long-term bonus, cf. section 3.2(b)), subject to adjustments and *ad hoc* extraordinary bonuses (cf. section 3.2(c)) granted in accordance with the Remuneration Policy:

Remuneration component	Relative proportion of total remuneration
Gross salary	44.0 %
Ordinary bonus	26.5 %
Long-term bonus	29.5 %

The Board of Directors believes that a combination of fixed and performance-driven remuneration to the Executive Board contributes to ensure that Royal Unibrew can attract and retain executives with the best competences for the Executive Board. At the same time, the Executive Board is given an incentive to create shareholder value through partially incentive-based remuneration.

The fixed remuneration components are primarily selected for ensuring Royal Unibrew’s ability to attract and retain qualified members for the Board of Directors and Executive Board on competitive terms relative to Royal Unibrew’s peer group. The variable remuneration components (ordinary bonus and long-term bonus) are selected for ensuring that the interests of the Executive Board and the interests of Royal Unibrew’s shareholders are aligned and that the Executive Board effectively works to achieve the short- and long-term objectives of Royal Unibrew’s strategy.

3.1 Fixed remuneration

The fixed base remuneration including pension, i.e. the Gross Salary, is intended primarily to attract and retain members of the Executive Board with the professional and personal competences required.

Furthermore, a number of work-related benefits are made available to the Executive Board including a company car, phone, newspaper etc. and the Executive Board members are covered by Royal Unibrew’s usual insurance schemes such as accident and life insurance.

3.2 Variable remuneration (bonus)

Payment or granting of ordinary bonus and/or long-term bonus depends on whether one or several financial and/or non-financial key performance indicators (“KPIs”) defined in the applicable bonus agreement have been fully or partly met. Such KPIs may relate to the personal performance of the executive in question, to the financial performance of Royal Unibrew, to the financial performance of one or more of Royal Unibrew’s business units and/or a specific event contributing to achieving the targets of Royal Unibrew’s strategy or to enhancing shareholder value. All KPIs are fixed on basis of Royal Unibrew’s strategy, sustainability, long-term goals and shareholder value creation.

a. Ordinary Bonus (short-term)

Each member of the Executive Board may be eligible for an ordinary cash bonus not to exceed 60% of the Gross Salary. The level of bonus is determined by the Board of Directors, subject always to achievement of the relevant KPIs.

The ordinary cash bonus is intended to secure that the company achieves its short-term objectives.

Therefore, bonus grants and their size depend on the fulfilment of the KPIs agreed for one year at a time. The objectives will primarily relate to the fulfilment of Royal Unibrew's budgeted goals and results or the achievement of financial key figures or other measurable individual results, whether of a financial or non-financial nature, in line with Royal Unibrew's strategy.

b. Long-term Bonus (cash or conditional shares)

Each member of the Executive Board may be eligible for a long-term cash bonus which is earned over a multi-year period, typically over a three-year period. The total cash bonus for such multi-year period may not exceed two thirds of the annual Gross Salary per year of the person in question.

Instead of – or supplemental to – the above mentioned long-term cash bonus, each member of the Executive Board may be eligible for a long-term bonus in the form of conditional shares (restricted shares) earned over a corresponding multi-year period, typically over a three-year period. The total value of conditional shares granted for such a multi-year period may not exceed two thirds of the annual Gross Salary per year at the time of granting the bonus agreement. The value of the shares is calculated at market price at the time of granting.

The long-term bonus is intended to secure that Royal Unibrew achieves its long-term objectives set out in Royal Unibrew's strategy. The granting of this bonus and the size thereof will therefore depend on the achievement financial and/or non-financial KPIs aligned with such long-term strategy objectives.

Any long-term cash bonus and the value of conditional shares at the time of granting combined may not for the multi-year period in question exceed two thirds of the annual Gross Salary per year of the person in question.

c. Extraordinary Bonus

In addition to the above mentioned ordinary short-term or long-term bonus, the Board of Directors may extraordinarily grant a supplementary discretionary bonus, e.g. in the form of a retention bonus, loyalty bonus, conditional shares or special performance bonus, to individual members of the Executive Board if the Board of Directors finds it appropriate in order to meet the objectives of attracting and retaining individual members of the Executive Board and to specifically encourage increase of shareholder value. Accordingly, an extraordinary bonus may be composed of cash or share-based remuneration or a combination hereof. An extraordinary bonus may not exceed the annual Gross Salary of the person in question.

d. Performance assessment

The financial KPIs applicable to the variable remuneration for the Executive Board are identical to the financial key figures of Royal Unibrew's short- and long-term strategy. Accordingly, the KPIs are measured continuously and meticulously as part of Royal Unibrew's public financial reporting and ultimately as part of Royal Unibrew's audited annual report. The measurability of the Executive Board's achievement of the KPIs is thus fully transparent and verified as part of the audit of Royal Unibrew's annual report. In terms of non-financial KPIs, performance is assessed on objective and verifiable criteria based on external sources such as external advisers, public authorities etc.

3.3 Additional terms

a. Claw-back

In certain cases, the Board of Directors may decide to reclaim variable remuneration for the Executive Board (*claw-back*), e.g. in the event of the variable remuneration having been paid to a member of the Executive Board based on incorrect or misstated information.

b. Period of notice/severance pay

The employment of members of the Executive Board are in principle indefinite but contain mutual rights of termination. Royal Unibrew may terminate the employment at up to 12 months' notice. A member of the Executive Board may terminate the employment with Royal Unibrew at 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, the Executive Board will receive no compensation. However, the Board of Directors may entitle a member of the Executive Board to consider him-/herself dismissed in such event.

c. Pension

The individual Executive Board members may be covered by pension schemes. Upon submission from the Remuneration and Nomination committee, the Board of Directors considers this when entering into contracts with the Executive Board members in connection with the annual assessment of the remuneration paid to the individual members of the Executive Board.

d. Reimbursement of expenses

Expenses incurred in connection with travelling, meetings, education, etc. are reimbursed according to vouchers submitted.

4. Decision-making process

The Nomination and Remuneration Committee continuously reviews and considers the impact and appropriateness of the Remuneration Policy which is reviewed at least once a year. The Nomination and Remuneration Committee's review aims to ensure that the remuneration of the Board of Directors and the Executive Board is competitive relative to relevant peers and aligned with Royal Unibrew's short and long-term targets and that the remuneration enhances shareholder value creation.

If, based on the Nomination and Remuneration Committee's review, the Nomination and Remuneration Committee finds it necessary to update the Remuneration Policy the Nomination and Remuneration Committee must prepare a proposal for the Board of Directors in line with the Board of Directors' ordinary decision-making procedure.

The Nomination and Remuneration Committee consults the Executive Board as part of the Nomination and Remuneration Committee's considerations on a potential revision of the Remuneration Policy, however, the Executive Board has no decision-making power in terms of amendments to the Remuneration Policy.

If the Board of Directors adopts the Nomination and Remuneration Committee's proposal to revise the Remuneration Policy, the Board of Directors will submit such proposal to the shareholders for consideration and approval at a general meeting of Royal Unibrew.

On behalf of the Board of Directors, the Remuneration and Nomination Committee implements and agrees on customary adjustments of the remuneration and employment terms applicable to the Executive Board, including fees, customary bonus agreements, benefits, car schemes and severance agreements. The conclusion of new service contracts for members of the Executive Board and determination or adjustments to share-based incentive schemes are negotiated by the Nomination and Remuneration Committee and submitted for the Board of Directors' approval, or decided by the Nomination and Remuneration Committee subject to specific authorisation from the Board of Directors.

5. Conflicts of interest

When reviewing and revising the Remuneration Policy, the Nomination and Remuneration Committee engages independent advisors to support the Nomination and Remuneration Committee's work in this regard. The Board of Directors, including the Nomination and Remuneration Committee, and the Executive Board do not consult the same external advisors in respect of remuneration matters.

The Board of Directors is of the opinion that no conflicts of interest occur as part of the Board of Directors' (including the Nomination and Remuneration Committee's) process of reviewing and revising the Remuneration Policy in that the remuneration for members of the Board of Directors is approved by the shareholders of Royal Unibrew and that the Executive Board has no decision-making authority in respect of the Remuneration Policy.

6. Deviations from the Remuneration Policy

The Board of Directors may in extraordinary circumstances, and based on valid, verifiable and objective criteria, temporarily deviate from the Remuneration Policy, provided that such deviation is deemed to benefit the long-term interests of Royal Unibrew or the shareholders of Royal Unibrew. A proposal on a potential deviation from the Remuneration Policy shall be submitted by the Nomination and Remuneration Committee to the Board of Directors for adoption in accordance with the ordinary decision-making procedure of the Board of Directors.

The purpose of the possibility to deviate from the Remuneration Policy is to ensure that the Board of Directors has the necessary flexibility to align the variable remuneration components with the short- and long-term interests of Royal Unibrew, the strategy of Royal Unibrew and the interests of the shareholders of Royal Unibrew. In cases of extraordinary circumstances, the Board of Directors may amend the terms applicable to the Executive Board's variable remuneration components. Additionally, the Board of Directors may deviate and/or amend the terms of the variable remuneration components to the effect that such deviation and/or amendment are required in order for a new member of the Executive Board to receive variable remuneration components on equal terms and conditions as the other members of the Executive Board.

Such discretion to deviate from the Remuneration Policy includes, but is not limited to, (i) the size of the grants (ii) the timing of the granting of the conditional shares, (iii) the determination of vesting conditions, including adjustment of financial and/or non-financial KPIs, (iv) vesting of conditional shares, and/or (v) the treatment of conditional shares in the case of resignations, a change of control, a merger, rights issue or other such unforeseeable events.

7. Approval and Publication

The Remuneration Policy was discussed and approved by Royal Unibrew's annual general meeting on 15 April 2020.

The Remuneration Policy is available at the company's website, www.royalunibrew.com.