



# Royal Unibrew's Position on "Recommendations on Corporate Governance"

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## Recommendations on Corporate Governance

### 1. Communication and interaction by the company with its investors and other stakeholders

#### 1.1. Dialogue between company, shareholders and other stakeholders

<p>1.1.1. The Committee <b>recommends</b> that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.</p>	<p><b>The Company complies</b></p>	<p>The dialogue with and information to shareholders and stakeholders take place through the issuing of interim reports and other announcements by the Company, through audio casts, meetings with investors, analysts and the press. Interim reports and other announcements are made available on Royal Unibrew's website immediately after being published. Moreover, the website provides material used in connection with investor presentations and audio casts.</p>
<p>1.1.2. The Committee <b>recommends</b> that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.</p>	<p><b>The Company complies</b></p>	<p>Royal Unibrew wants to have a good dialogue with its stakeholders. Therefore, Royal Unibrew works under a number of management principles defining good business practice for the Company's interaction with authorities, suppliers, other decision makers and stakeholders.</p> <p>Moreover, Royal Unibrew has defined a policy on the relationship with its investors. The policy is available on the Company's website.</p>
<p>1.1.3. The Committee <b>recommends</b> that the company publish quarterly reports.</p>	<p><b>The Company complies</b></p>	<p>Royal Unibrew publishes quarterly reports.</p>

#### 1.2. General meeting

<p>1.2.1. The Committee <b>recommends</b> that, when organising the company's general meeting, the board of directors plan the meeting to support active ownership.</p>	<p><b>The Company complies</b></p>	<p>Royal Unibrew's general meeting and quarterly meetings for investors according to need provide the actual forum for communication and discussion and the place where shareholders put forward their viewpoints and are able to make decisions. Notification of general meetings is made through a Company Announcement. The notice and all related documents concerning the general meetings are published on the Company's website. The shareholders may register to receive the notice convening the meeting as well as all documents directly.</p> <p>It is the aim of Royal Unibrew's Management to give a detailed account of the Company's business development and strategy at the general meeting, and Royal Unibrew encourages shareholders to participate in an open discussion about Royal Unibrew's development.</p>
<p>1.2.2. The Committee <b>recommends</b> that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.</p>	<p><b>The Company complies</b></p>	<p>Each individual shareholder is allowed to consider all items on the agenda by means of proxies given to the Board of Directors.</p>

### 1.3. Takeover bids

<p>1.3.1. The Committee <b>recommends</b> that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.</p>	<p><b>The Company complies</b></p>	<p>Contingency procedures for takeover bids have been set up which ensure that shareholders are allowed to decide on the takeover bid themselves.</p> <p>Should a takeover bid be submitted, the Board of Directors will consider the specific bid, and any bid will, in the Board of Directors' opinion, have to be approved by the general meeting.</p> <p>Royal Unibrew has no anti-takeover defences by way of voting ceilings or ownership restrictions.</p>
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## 2. Tasks and responsibilities of the board of directors

### 2.1. Overall tasks and responsibilities

<p>2.1.1. The Committee <b>recommends</b> that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.</p>	<p><b>The Company complies</b></p>	<p>The tasks of the Board of Directors are described in rules of procedure.</p> <p>The rules of procedure and other relevant codes/policies are reviewed at least annually to ensure that the rules of procedure are updated, match business needs and comply with company, accounting and stock market regulations in general.</p>
<p>2.1.2. The Committee <b>recommends</b> that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.</p>	<p><b>The Company complies</b></p>	<p>Royal Unibrew's overall strategy is updated annually. The overall strategy, including long-term financial targets, was most recently updated in January 2014.</p> <p>Every year Royal Unibrew's Management also establishes a number of main priorities for the year ahead. The main priorities are based on the overall strategy.</p>
<p>2.1.3. The Committee <b>recommends</b> that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors present this in the management commentary on the company's annual report and/or on the company's website.</p>	<p><b>The Company complies</b></p>	<p>Royal Unibrew has one class of shares, and the shares are listed at NASDAQ OMX Copenhagen.</p> <p>The Board of Directors evaluates currently whether the capital and share structures adopted are in the interests of the Company and its shareholders.</p> <p>At present it is the Board of Directors assessment that the capital and share structure ensures;</p> <ul style="list-style-type: none"> <li>- an adequate capitalisation of the company</li> <li>- an adequate liquidity of the share and</li> <li>- a reasonable distribution of risk and influence</li> </ul>
<p>2.1.4. The Committee <b>recommends</b> that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.</p>	<p><b>The Company complies</b></p>	<p>The Board of Directors has established and annually approves guidelines for the work of the Executive Board and the Board of Directors. Among other things, a number of policies have been prepared, eg finance policies and insurance policies, laying down the framework for the work of the Executive Board.</p> <p>Furthermore, the Board of Directors has established guidelines for Management's reporting to the Board of Directors.</p>
<p>2.1.5. The Committee <b>recommends</b> that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.</p>	<p><b>The Company complies</b></p>	<p>In connection with the annual assessment of the work of the Executive Board, the members of the Board of Directors discuss the composition of the Executive Board and assess development needs, risks and succession plans.</p>

<p>2.1.6. The Committee <b>recommends</b> that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.</p>	<p><b>The Company complies</b></p>	<p>Royal Unibrew aims at promoting diversity within the company, which includes achieving a reasonable representation of both genders, 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, to improve decision-making processes and to strengthen the Company's brand.</p> <p>The members of the Board of Directors discuss the Company's activities annually to ensure diversity and give an account of the objectives and the progress made in achieving them in the Annual Report.</p>
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**2.2. Corporate social responsibility**

<p>2.2.1. The Committee <b>recommends</b> that the board of directors adopt policies on corporate social responsibility.</p>	<p><b>The Company complies</b></p>	<p>To Royal Unibrew, corporate social responsibility (CSR) work is an integrated part of our business approach.</p> <p>Royal Unibrew's corporate social responsibility work is based on the principles of the United Nations Global Compact in respect of human rights, labour standards, environment and anti-corruption. Royal Unibrew has prepared a set of ethical guidelines providing the overall framework for the corporate social responsibility work.</p> <p>Royal Unibrew's CSR efforts are an important element in protecting the Company's brands as consumers must be given certainty that Royal Unibrew products have been manufactured in a satisfactory manner. Moreover, the CSR efforts contribute towards ensuring good working relations with customers and suppliers, increasing production efficiency and decreasing wastage, reducing non-financial risks and strengthening the Company's identity and culture.</p> <p>Royal Unibrew intends to join the United Nations Global Compact and to prepare for reporting under the Global Reporting Initiative in the coming years.</p>
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**2.3. The chairman and vice-chairman of the board of directors**

<p>2.3.1. The Committee <b>recommends</b> appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.</p>	<p><b>The Company complies</b></p>	<p>A Deputy Chairman of the Board of Directors has been elected.</p> <p>The Deputy Chairman of the Board of Directors is elected by the Board itself immediately after the Company's general meeting. The Deputy Chairman's role is in accordance with the recommendations and is described in the Company's Articles of Association and the rules of procedure of the Board of Directors.</p>
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<p>2.3.2. The Committee <b>recommends</b> ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.</p>	<p><b>The Company complies</b></p>	<p>Royal Unibrew's Chairman does not participate in the day-to-day management of the Company.</p>
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### 3. Composition and organisation of the board of directors

#### 3.1. Composition

<p>3.1.1. The Committee <b>recommends</b> that the board of directors annually account for</p> <ul style="list-style-type: none"> <li>• the skills it must have to best perform its tasks,</li> <li>• the composition of the board of directors, and</li> <li>• the special skills of each member.</li> </ul>	<p><b>The Company complies</b></p>	<p>The Board of Directors has prepared a description of the skills that it should have in order to best perform its tasks. Based on this the Board of Directors annually assesses its composition, including ensuring that the combined skills 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.</p> <p>The description is available on the Company's website under Investor, Corporate Governance.</p> <p>A description of the individual directors' executive functions and special competences is provided in the Company's Annual Report and is available on the Company's website – <a href="http://www.royalunibrew.com">www.royalunibrew.com</a></p>
<p>3.1.2. The Committee <b>recommends</b> that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.</p>	<p><b>The Company complies</b></p>	<p>When new members are nominated for the Board of Directors, the knowledge and professional experience required are carefully considered to ensure that all necessary qualifications are present on the Board. At the same time, 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.</p> <p>The nomination committee established by the Board of Directors is responsible for nominating candidates for the Board to the Board of Directors as a body.</p>

<p>3.1.3. The Committee <b>recommends</b> that when election of members to the board of directors is on the agenda, the notice convening the general meeting, in addition to the provisions laid down by legislation, be accompanied by a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> <li>• other executive functions, e.g. memberships in executive boards, boards of directors and supervisory boards, including board committees in foreign enterprises,</li> <li>• demanding organisational tasks, and information</li> <li>• about whether candidates to the board of directors are considered independent.</li> </ul>	<p><b>The Company complies</b></p>	<p>Royal Unibrew ensures that the notice convening any general meeting to which the agenda includes election for the Board of Directors is accompanied by a description of the nominated candidates' qualifications as well as information on any other executive functions held and demanding organisational tasks undertaken by the candidates.</p> <p>It is also indicated whether the individual candidate is considered independent.</p>
<p>3.1.4. The Committee <b>recommends</b> that the company's articles of association stipulate a retirement age for members of the board of directors.</p>	<p><b>The Company complies</b></p>	<p>The Company's Articles of Association state that individuals who have reached the age of 70 cannot be nominated for election or re-election for the Company's Board of Directors.</p> <p>The age of each member of the Board of Directors is disclosed in the Annual Report.</p>
<p>3.1.5. The Committee <b>recommends</b> that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	<p><b>The Company complies</b></p>	<p>Pursuant to the Company's Articles of Association, members of the Board of Directors elected by the general meeting are elected for one year at a time.</p>

### 3.2. Independence of the board of directors

<p>3.2.1. The Committee <b>recommends</b> that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.</p> <p>To be considered independent, a person may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been a member of the executive board, or a senior staff member in the company, a subsidiary undertaking or an associate,</li> <li>• within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as a member of the board of directors,</li> <li>• represent the interests of a controlling shareholder,</li> <li>• within the past year, have had significant business relations (e.g. personal or indirectly as a partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate,</li> <li>• be or within the past three years have been employed or a partner at the external auditor,</li> <li>• have been a chief executive in a company holding cross-memberships with the company,</li> <li>• have been a member of the board of directors for more than 12 years, or</li> <li>• have close family ties with persons who are not considered independent.</li> </ul>	<p><b>The Company complies</b></p>	<p>All the members elected by the general meeting are considered independent in accordance with the recommendations of NASDAQ OMX Copenhagen.</p>
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### 3.3. Members of the board of directors and the number of other executive functions

<p>3.3.1. The Committee <b>recommends</b> that each member of the board of directors assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company.</p>	<p><b>The Company complies</b></p>	<p>Each member of the Board of Directors of Royal Unibrew is responsible for allocating adequate time to the board responsibilities so as to manage his/her commitments to the Company in a satisfactory way.</p>
<p>3.3.2. The Committee <b>recommends</b> that the management commentary, in addition to the provisions laid down by legislation, include the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> <li>• the position of the relevant person,</li> <li>• the age and gender of the relevant person,</li> <li>• whether the member is considered independent,</li> <li>• the date of appointment to the board of directors of the member,</li> <li>• expiry of the current election period,</li> <li>• other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, as well as</li> <li>• demanding organisational tasks, and</li> <li>• the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year.</li> </ul>	<p><b>The Company complies</b></p>	<p>The Company's Annual Report and website provide information about the executive functions held by members of the Board of Directors with other Danish and foreign companies as well as their position. Moreover, the Annual Report provides information on any demanding organisational tasks.</p> <p>Moreover, directors' holdings of shares, options etc are disclosed.</p>

### 3.4. Board committees

<p>3.4.1. The Committee <b>recommends</b> that the company publish the following information on its company's website:</p> <ul style="list-style-type: none"> <li>• the terms of reference for the board committees,</li> <li>• important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>• the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.</li> </ul>	<p><b>The Company complies</b></p>	<p>Information on the board committees established is provided on the Company's website and in the Annual Report.</p> <p>See also items 3.4.3.-3.4.7. below.</p>
<p>3.4.2. The Committee <b>recommends</b> that a majority of the members of a board committee be independent members.</p>	<p><b>The Company complies</b></p>	<p>It is assessed for all board committees that a majority of their members are independent.</p>

<p>3.4.3. The Committee <b>recommends</b> that the board of directors set up an formal <u>audit committee</u> composed so that</p> <ul style="list-style-type: none"> <li>• the chairman of the board of directors is not chairman of the audit committee, and</li> <li>• between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market.</li> </ul>	<p>The Company does not comply</p>	<p>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.</p> <p>In consequence of the Board's decision to take on the audit committee tasks jointly, the chairman of the supreme governing body is also the chairman of the audit committee.</p> <p>The audit committee, and thus the Board of Directors as a whole, is considered to have the qualifications and the required experience in financial, accounting and audit conditions of companies whose shares are admitted to trading on a regulated market.</p>
<p>3.4.4. The Committee <b>recommends</b> that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about:</p> <ul style="list-style-type: none"> <li>• significant accounting policies</li> <li>• significant accounting estimates,</li> <li>• related party transactions, and</li> <li>• uncertainties and risks, including in relation to the outlook for the current year.</li> </ul>	<p>The Company complies</p>	<p>Royal Unibrew's audit committee, and thus the Board of Directors as a whole, monitors the following matters in relation to the Annual Report:</p> <ul style="list-style-type: none"> <li>▪ significant accounting policies</li> <li>▪ significant accounting estimates,</li> <li>▪ related party transactions, and</li> <li>▪ uncertainties and risks, including in relation to the outlook.</li> </ul>
<p>3.4.5. The Committee <b>recommends</b> that the audit committee:</p> <ul style="list-style-type: none"> <li>• annually consider whether there is a need for an internal audit function, and if so formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>• monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	<p>The Company complies</p>	<p>Royal Unibrew's audit committee, and thus the Board of Directors as a whole, has assessed that an actual audit department is not required at this time, but financial and business controlling is carried out currently in the Company's central finance and accounting function.</p> <p>It is assessed currently whether internal controlling should be intensified.</p>
<p>3.4.6. The Committee <b>recommends</b> that the board of directors establish a <u>nomination committee</u> chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,</li> <li>• annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors,</li> <li>• annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect,</li> <li>• consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and</li> <li>• propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>	<p>The Company complies</p>	<p>Royal Unibrew has established a nomination committee consisting of the Company's Chairman, Kåre Schultz, and Deputy Chairman, Walther Thygesen.</p> <p>Both members are independent.</p> <p>In 2013 the primary activity of the nomination committee was assessment of the composition of the Board of Directors.</p> <p>The terms of reference of the committee are available on the Company's website under Investor, Corporate governance.</p>

<p>3.4.7. The Committee <b>recommends</b> that the board of directors establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting,</li> <li>• make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and</li> <li>• recommend a remuneration policy applicable for the company in general.</li> </ul>	<p><b>The Company complies</b></p>	<p>Royal Unibrew has established a remuneration committee consisting of the Company's Chairman, Kåre Schultz, and Deputy Chairman, Walther Thygesen.</p> <p>Both members are independent.</p> <p>In 2013 the primary activities of the remuneration committee were the assessment and recommendation of remuneration of the Board of Directors and the Executive Board.</p> <p>The terms of reference of the committee are available on the Company's website under Investor, Corporate governance.</p>
<p>3.4.8. The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	<p><b>The Company complies</b></p>	<p>The remuneration committee does not consult with the same external advisers as the Executive Board.</p>

### 3.5. Evaluation of the performance of the board of directors and the executive board

<p>3.5.1. The Committee <b>recommends</b> that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.</p>	<p><b>The Company complies</b></p>	<p>Royal Unibrew's Board of Directors has established an evaluation procedure under which the contributions and results of the supreme governing body and of its individual members are evaluated.</p> <p>Moreover, the collaboration with the Executive Board is evaluated annually.</p>
<p>3.5.2. The Committee <b>recommends</b> that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.</p>	<p><b>The Company complies</b></p>	<p>Pursuant to Royal Unibrew's Articles of Association, the general meeting shall elect four to seven members to the Board of Directors. At present, the Board of Directors consists of seven members elected by the general meeting and three members elected by the employees. This number is considered appropriate.</p> <p>Each year when preparing for the AGM, the Board of Directors considers whether the number of members is appropriate.</p>
<p>3.5.3. The Committee <b>recommends</b> that the board of directors at least once every year evaluate the work and performance of the executive board in accordance with pre-defined criteria.</p>	<p><b>The Company complies</b></p>	<p>Once every year, the Chairman evaluates the work of the Executive Board based on the targets established for this work.</p>
<p>3.5.4. The Committee <b>recommends</b> that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.</p>	<p><b>The Company complies</b></p>	<p>A procedure has been established under which the cooperation between the Executive Board and the Board of Directors is evaluated at least once annually in connection with the evaluation of the Executive Board's performance, and the outcome of the evaluation is presented to the Board of Directors.</p>

## 4. Remuneration of management

### 4.1. Form and content of the remuneration policy

<p>4.1.1. The Committee <b>recommends</b> that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including</p> <ul style="list-style-type: none"> <li>• a detailed description of the components of the remuneration for members of the board of directors and the executive board,</li> <li>• the reasons for choosing the individual components of the remuneration, and</li> <li>• a description of the criteria on which the balance between the individual components of the remuneration is based.</li> </ul> <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>	<p><b>The Company complies</b></p>	<p>A remuneration policy has been adopted for the Board of Directors and the Executive Board as well as overall guidelines for incentive pay, both described on the website. The overall guidelines for incentive pay were adopted at the Company's general meeting in April 2010, and the remuneration policy was adopted at the general meeting in April 2011.</p>
<p>4.1.2. The Committee <b>recommends</b> that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>• limits be set on the variable components of the total remuneration package,</li> <li>• a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term,</li> <li>• there be clarity about performance criteria and measurability for award of variable components,</li> <li>• there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year, and</li> <li>• an agreement be made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data which proved to be misstated.</li> </ul>	<p><b>The Company complies</b></p>	<p>The remuneration policy includes limits on each of the variable components of the remuneration package; moreover, conditions and targets have been established for the individual variable components of the remuneration of the Executive Board.</p> <p>Part of the variable remuneration is earned over several calendar years.</p> <p>It has been agreed that if it turns out, following payment of bonus to the Executive Board, that the bonus has been paid on the basis of misstated data, the Company may in exceptional cases reclaim in full or in part such payment.</p>
<p>4.1.3. The Committee <b>recommends</b> that remuneration of members of the board of directors do not include share or warrant programmes.</p>	<p><b>The Company complies</b></p>	<p>The members of the Board of Directors are remunerated only by a fixed annual fee.</p>
<p>4.1.4. The Committee <b>recommends</b> that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.</p>	<p><b>The Company complies</b></p>	<p>As part of Royal Unibrew's continued efforts to focus on adding value for shareholders, the Board of Directors decided in August 2013 to offer the Executive Board restricted (conditional) shares for no consideration. A conditional share entitles the holder to receive one Royal Unibrew share of a nominal value of DKK 10 for no consideration when the Company's Annual Report for 2016 has been published in March 2017. The number of shares depends on the extent to which the EBIT and free cash flow targets for the financial years 2013-2016 defined by the Board of Directors are achieved in the vesting period.</p>

4.1.5. The Committee <b>recommends</b> that termination payments should not amount to more than two years' annual remuneration	<b>The Company complies</b>	The termination payment agreed upon represents a value that cannot exceed two years' annual remuneration.
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#### 4.2. Disclosure of the remuneration policy

4.2.1. The Committee <b>recommends</b> that the company's remuneration policy and compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.	<b>The Company complies</b>	The Company's remuneration policy and overall guidelines for incentive pay as well as compliance with these are explained as part of the Chairman's statement at the general meeting.
4.2.2. The Committee <b>recommends</b> that the proposal for remuneration of the board of directors for the current financial year be approved by the shareholders at the general meeting	<b>The Company complies</b>	In his directors' report at the general meeting, the Chairman submits a proposal for remuneration of the Board of Directors for the current financial year.
4.2.3. The Committee <b>recommends</b> that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.	<b>The Company does not comply</b>	Remuneration to the members of the Board of Directors is disclosed in the Annual Report. Disclosure of remuneration to the individual members of the Executive Board is not at present considered material to stakeholders' assessment of the Company. The total remuneration of the Executive Board is disclosed in note 4 to 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 and the overall guidelines for incentive pay.

### 5. Financial reporting, risk management and audits

#### 5.1. Identification of risks and transparency about other relevant information

5.1.1. The Committee <b>recommends</b> that in the management commentary the board of directors' review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	<b>The Company complies</b>	<p>Every year a summary of the key strategic business risks is prepared and it is discussed how these may affect the realisation of the targets established and how the individual risks may be mitigated.</p> <p>The descriptions of risks in connection with the financial reporting and of the Company's risk management are included in the Annual Report.</p> <p>Read more in the "Risk Management" section of the Annual Report.</p>
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#### 5.2. Whistleblower scheme

5.2.1. The Committee <b>recommends</b> that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	<b>The Company complies</b>	The Board of Directors assesses on an on-going basis the need for control activities that ensures a true and fair financial reporting as well as ethical business operations. At present the Board of Directors has decided that under the present risk assessment there is no need for a whistleblower scheme.
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### 5.3. Contact to auditor

<p>5.3.1. The Committee <b>recommends</b> that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.</p>	<p><b>The Company complies</b></p>	<p>The Board of Directors maintains a regular dialogue and exchange of information with the auditor.</p>
<p>5.3.2. The Committee <b>recommends</b> that the auditor agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.</p>	<p><b>The Company complies</b></p>	<p>The auditor agreement and the auditors' fee are agreed between the Company's Board of Directors and the auditor.</p>