

## CARLSBERG A/S

### ANNUAL GENERAL MEETING - MINUTES

On 13 March 2019 at 5.00 p.m. CET, the Company held its Annual General Meeting at Glyptoteket, Dantes Plads 7, DK-1556 Copenhagen V with the following

#### **Agenda:**

**1.**

**Report on the activities of the Company in the past year**

**2.**

**Presentation of the audited Annual Report for approval and resolution to discharge the Supervisory Board and the Executive Board from liability**

**3.**

**Proposal for distribution of the profit for the year, including declaration of dividends**

The Supervisory Board proposed a dividend of DKK 18.00 per share.

**4.**

**Proposals from the Supervisory Board or the shareholders**

#### **Approval of the Supervisory Board's remuneration for 2019**

The Supervisory Board proposes that the remuneration of the Supervisory Board for 2019 remains unchanged compared to 2018 so that:

- Ordinary members of the Supervisory Board receive a base fee of DKK 412,000.
- The Chairman receives a fee of four and a half times the base fee and receives no further remuneration for committee work.
- The Deputy Chairman receives one and a half times the base fee.
- The Chairman of the Remuneration Committee and the Chairman of the Nomination Committee each receives a fee of 50% of the base fee.
- The Chairman of the Audit Committee receives a fee of 113% of the base fee.
- Other members of board committees receive a fee per committee of 38% of the base fee.

**5.**

#### **Election of members to the Supervisory Board**

Pursuant to Article 27(3) of the Articles of Association, the board members elected by the Annual General Meeting are elected for one year at a time. The Supervisory Board proposes re-election of the following board members: Flemming Besenbacher, Carl Bache, Magdi Batato, Richard Burrows, Søren-Peter Fuchs Olesen, and Lars Stemmerik.

Moreover, the Supervisory Board proposes election of Domitille Doat-Le Bigot, Lilian Fossum Biner, Lars Fruergaard Jørgensen and Majken Schultz as new members of the Supervisory Board. Lars Rebien Sørensen, Donna Cordner and Nina Smith do not accept re-election.

In its recommendation of the above candidates, the Supervisory Board has given special consideration to each candidate's specific competencies and experience, having regard to the "Specification of Competencies required for the Supervisory Board in Carlsberg A/S" as set out by the Supervisory Board and available on the company's website, [www.carlsberggroup.com](http://www.carlsberggroup.com).

## 6.

### **Election of auditor**

In accordance with the Audit Committee's recommendation the Supervisory Board proposes that PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab (CVR no. 3377 1231) be re-elected.

The Audit Committee has not been influenced by any third party and has not been bound by any third-party agreement, restricting the General Meeting's choice of auditor to certain auditors or audit firms.

---o-O-o---

The shareholders attending the Annual General Meeting and the proxies received prior to the Annual General Meeting represented a total of 793,354,194 votes (corresponding to 87.10 % of the Company's share capital after deducting the votes of the treasury shares) and a total share capital of DKK 1,980,772,200 kr. corresponding to 65.10 % of the Company's share capital after deducting treasury shares). A total of 497 persons, of whom 302 were shareholders with voting rights, attended the Annual General Meeting.

----o-O-o---

**The Chairman of the Supervisory Board** bid welcome and with reference to article 23 of the Articles of Association, he informed the audience that the Supervisory Board had appointed attorney Anders Lavesen as Chairman of the Annual General Meeting.

**The Chairman of the Annual General Meeting** verified with reference to section 94, subsection 2, cf. section 95 of the Danish Companies Act and article 14(2) and article 15(1) of the Articles of Association that the Annual General Meeting had been lawfully convened. The notice and agenda had been published on the Company's website [www.carlsberggroup.com](http://www.carlsberggroup.com) on 8 February 2019, i.e. with a minimum of 3 weeks' notice prior to the Annual General Meeting. Furthermore, in accordance with section 99 of the Danish Companies Act and article 19 of the Articles of Association, the notice including the agenda, documents to be presented to the Annual General Meeting, the Annual Report, information on the total number of shares and votes at the date of the notice as well as proxy and postal voting forms were available on the Company's website, [www.carlsberggroup.com](http://www.carlsberggroup.com), during the last three weeks prior to the Annual General Meeting. Furthermore, in accordance with section 90, subsection 3 of the Danish Companies Act, the date of the Annual General Meeting and the deadline to submit proposals to the agenda were announced on the Company's website on 8 January 2019, thus with a minimum of 8 weeks' notice.

**The Chairman of the Annual General Meeting** then verified that the agenda was in

accordance with article 24(2) of the Articles of Association.

**The Chairman of the Annual General Meeting** furthermore verified that there were no objections from the audience to the lawful convening of the Annual General Meeting.

**The Chairman of the Annual General Meeting** explained the content of the agenda and stated that all proposals for voting today could be adopted by a simple majority and then announced that items 1)-3) would, as usual, be dealt with as one item.

**Re 1)-3)**

**The Chairman of the Annual General Meeting** then gave the floor to the **Chairman of the Supervisory Board**, who reported on the activities of the Company, including the Company's Remuneration Policy and compliance with this, and presented the Supervisory Board's proposal for payment of a dividend of DKK 18.00 per share.

He then gave the floor to the **CEO**, who went through the financial statements and report, and recommended that the Annual General Meeting approve the financial statements.

**The Chairman of the Annual General Meeting** informed the audience that the Annual Report signed by the Executive Board, the Supervisory Board and the auditor elected by the Annual General Meeting had been presented to him, and he read the conclusion of the auditors' report aloud.

**The Chairman of the Annual General Meeting** then chaired the discussion of agenda items 1)-3).

**Claus Wiinblad, ATP**, started by thanking for the excellent reports for 2018, which was a good year with growth in volume thanks to, among other things, the good summer. Carlsberg shows a good EBIT margin, execution of the strategic priorities and implementation of the cost-cutting program "Funding-the Journey", that delivered DKK 3 billion worth of savings, which was above the target. In addition, ATP noted growth in "Craft & Specialty" and the non-alcoholic segments as well as growth in the Asia region. Subsequently, ATP noted that Carlsberg has had a flat EBITDA for 10 years, so despite the good results, there is still some way to go in showing long-term stable revenue growth. ATP then noted the positive development in Carlsberg's cash flow, which is now among the best in the industry and which has contributed to reducing the debt, which has allowed for share buy-backs and increase of dividends to ATP's satisfaction. ATP also praised Carlsberg's work on sustainability, the comprehensive "sustainability report" and the clear objectives in the sustainability program "Together Towards Zero" and the development of the new packaging, e.g. "snap pack". Finally, in relation to Carlsberg's remuneration policy, ATP noted that although the Executive Board does a great job, the total pay is too high, and the variable components take up too large a part. This was ATP's position when ATP voted against the remuneration policy in 2013, and this still applies. Also, ATP is of the opinion that the bonus criteria could be more stretched and consequently appreciated the Chairman's comment that the Supervisory Board intends to remain ambitious in determining the bonus criteria in the future. ATP

believes that the pay level spirals upwards in Danish companies, and Carlsberg contributes to an increasingly high level.

**The Chairman of the Supervisory Board** thanked ATP for the praise and comments and mentioned that the Supervisory Board appreciates the ongoing constructive dialogue with shareholders such as ATP. The Chairman of the Supervisory Board then noted that the Supervisory Board has focused on keeping the management tuned into Carlsberg's turnaround with the existing bonus criteria and confirmed that the overall wish for growth will influence the Supervisory Board's determination for ambitious bonus criteria in the future. The chairman commented further that the impact of divestments and currency must be taken into account when evaluating EBITDA and also, that while EBITDA has been flat, the organic EBITDA has been increasing.

**Anders Schelde, MP (Pension Fund Magistrates & Psychologists)**, thanked for the reports of the CEO and the Chairman of the Supervisory Board and mentioned that MP agrees with the strategic content of "Funding the Journey" and "Sail22", and that MP is satisfied with Carlsberg's high return and sustainability dimension, including the ambitious objectives for reducing water consumption and CO2 emissions, and with Carlsberg's thorough and honest sustainability report. MP sees two areas with potential for improvement, namely diversity especially in terms of gender. The brewery industry does not have a tradition for employing many women, and Carlsberg has only one woman in the Executive Board<sup>1</sup>, where, in turn, the international diversity thrives, which is positive. Subsequently, MP noted that it is good that Carlsberg is an international group, and that the international aspect calls for special competencies with the top manager. MP acknowledges that the right top manager is worth a high pay, but there is a certain balance in relation to society and internally within the organization to be mindful of, and with an eye to his balance MP voted against Carlsberg's remuneration policy in 2017.

**The Chairman of the Supervisory Board** thanked MP for the remarks and commented on Carlsberg's sustainability goals and on the importance of diversity. In relation to pay, the Chairman of the Supervisory Board explained that Carlsberg, being an international company, looks to the remuneration level in other European companies. He also explained that the Executive Board's pay in 2018 is closely linked to the extraordinarily good results and further, that an increase in next year's remuneration report is not expected, although the results continue to be as strong as they have been in recent years. Furthermore, the Chairman of the Supervisory Board informed that sustainability will in the future be included in the KPIs related to the Executive Board's pay.

**Michael Bak, Dansk Aktionærforening (Danish Shareholders Association)**, thanked the Chairman of the Supervisory Board and the CEO for good reports and the employees for a good effort throughout the year and noted that it is positive that profitability is back. Furthermore, Dansk Aktionærforening praised the annual report and the fact that the General Meeting is held in Danish. Dansk Aktionærforening then asked questions about Carlsberg's "Speak Up" scheme, where employees and others can raise any irregularities, and how goodwill is calculated for Russia and the UK, respectively,

considering the political turmoil. Finally, Dansk Aktionærforening wanted to know whether the Supervisory Board will consider informing about the ratio between the CEO's pay and the employees' salary, and whether there are plans to structure the pay package differently in the future.

**The CEO** thanked for the input and mentioned in relation to the "Speak Up" scheme that in 2018 95 cases were raised via this scheme against 53 cases in 2017, and that the progress was partly due to the many initiatives that Carlsberg has taken to increase attention on the "Speak Up" scheme. In relation to the valuation of goodwill in Russia and the UK, the CEO explained how this is done and concluded that Carlsberg had significant excess in the impairment test at the end of 2018.

**The Chairman of the Supervisory Board** also thanked Dansk Aktionærforening for the praising words and admitted that it is difficult to find the right formula for remuneration. The pay level varies greatly from country to country and region to region, therefore it is difficult to make a relevant comparison. The current remuneration policy dates back to 2013, and Cees' t Hart's contract was thus negotiated on the same terms as the previous managements. The Supervisory Board expects to look at information about the CEO's pay in relation to the employee pay.

**Frank Aen, Kritiske Aktionærer**, stated that high pay creates tension, and stated his calculations on pay for top management in comparison to salary for brewer employees. He repeated the question of whether the Supervisory Board would consider disclosing the ratio between the CEO's pay and the employee salaries, and asked the Supervisory Board to state their opinion on whether high executive pay creates inequality in society.

**The Chairman of the Supervisory Board** initiated his response to **Kritiske Aktionærer** by correcting a misrepresentation of Cees' t Hart's pay and his pay increase, and also stressed that the Supervisory Board listens to constructive input from the shareholders. The Chairman of the Supervisory Board then restated his response regarding the ratio between the CEO's pay and the employee salaries, and repeated that the primary reason of the relatively high level of the CEO pay this year is the excellent financial results achieved. The Chairman of the Supervisory Board also noted that inequality in society is a political debate and refrained from commenting further on that topic. When hiring the company's CEO, the Supervisory Board had to find a competent person, with CEO experience who could lead the necessary turnaround in Carlsberg.

**Erik Ambt Steenstrup, shareholder**, explained his association with Carlsberg and praised the CEO for activating Carlsberg's heritage and history. He then made a proposal to reintroduce "Hof" on the label of Carlsberg beer in Denmark and encouraged an informal expression of opinion from the audience, which acknowledged with applause and support for the proposal.

**The CEO and The Chairman of the Supervisory Board** thanked Mr. Steenstrup for the cheerful contribution.

**Frank Aen, Kritiske Aktionærer**, now asked if the Supervisory Board will consider reporting how much tax is being paid.

**The CFO** answered Kritiske Aktionærer that Carlsberg of course pays corporate tax in the countries where Carlsberg earns a profit and complies with the legislation in all markets where Carlsberg operates.

**Bjørn Hansen, shareholder**, thanked Carlsberg for having contributed positively to society through generations and asked questions about the exchange of rubles and fixed price contracts; which part of Carlsberg's financial reporting is in Danish; whether an upper limit for the CEO's pay should be introduced; whether Carlsberg owns water wells and which price Carlsberg pays for water. He also noted that he had experienced problems with immediate trade of i. e. Carlsberg shares in the banks.

**The Chairman of the Supervisory Board** answered Bjørn Hansen that Carlsberg buys raw materials locally when possible, and that fixed price contracts for rubles usually do not pay off well. As far as reporting is concerned, it was decided at the Annual General Meeting in 2014 to publish the annual report exclusively in English, and in 2017 it was decided to issue stock exchange announcements exclusively in English. In relation to the remuneration policy, there are currently no plans to change the 2013 remuneration policy. As for Bjørn Hansen's question about water, the Chairman of the Supervisory Board explained that Carlsberg has ambitious goals for reducing water consumption and mentioned that Carlsberg's sustainability manager is available for detailed questions. Finally, the Chairman of the Supervisory Board recommended that Bjørn Hansen contact his bank in case of problems with immediate trades.

**Nicole Anderson, Aktionærforeningen Best Women**, stated that the association Best Women is pleased that today three women are elected to Carlsberg's Supervisory Board, but that women in management should not only be seen at board level, but also in the company's other management levels, and here Carlsberg can do better, since only one of the seven members of the Executive Committee is a woman. The association would therefore like to know why Carlsberg does not have a policy for increasing the number of women in the management, and what Carlsberg does to increase the number of women in management. Furthermore, she agreed with the comments on high pay and focus on the pay gap between the CEO and employees, but also between men and women.

**The Chairman of the Supervisory Board** replied that gender diversity is a very important issue, and here Carlsberg can improve. The target is 40% of the underrepresented gender in the Supervisory Board. Carlsberg is now at 30% and has therefore not fully reached this target. Carlsberg is working on a policy on diversity and has initiated investigations to ensure that there is no inequality in relation to pay in Carlsberg. To ensure more women in the management levels, Carlsberg has a requirement that 1/3 of the employees admitted to Carlsberg's internal management programs must be women.

**The Chairman of the Annual General Meeting** then confirmed

that the report for 2018 was noted.

that the Annual Report 2018 was adopted without a written vote.

that the proposal included in the Annual Report 2018 as to the distribution of the profit for the year was adopted without a written vote.

that discharge of the Supervisory Board and the Executive Board from liability for 2018 was granted without a written vote.

#### **Re 4) Proposals from the Supervisory Board or shareholders**

##### **Approval of the remuneration of the Supervisory Board for 2018**

**The Chairman of the Annual General Meeting** accounted for the proposal regarding approval of the remuneration of the Supervisory Board for 2019.

**The Chairman of the Annual General Meeting** then confirmed that the proposal was adopted without a written vote.

#### **Re 5) Election of members to the Supervisory Board**

**The Chairman of the Annual General Meeting** went on to **item 5)** of the agenda and informed the audience that:

- pursuant to the Article 27(3) of the Articles of Association, the board members elected by the Annual General Meeting are elected for one year at a time.
- the Supervisory Board proposed re-election of the following board members: Flemming Besenbacher, Carl Bache, Magdi Batato, Richard Burrows, Søren-Peter Fuchs Olesen, and Lars Stemmerik
- the Supervisory Board proposed election of Domitille Doat-Le Bigot, Lilian Fossum Biner, Lars Fruergaard Jørgensen and Majken Schultz as new members of the Supervisory Board as Lars Rebien Sørensen, Donna Cordner and Nina Smith did not accept re-election, and
- its recommendation of the above candidates, the Supervisory Board has given special consideration to each candidate's specific competencies and experience, having regard to the "Specification of Competencies required for the Supervisory Board in Carlsberg A/S" as set out by the Supervisory Board.

Moreover, **the Chairman of the Annual General Meeting** informed the audience that in accordance with section 120, subsection 3 of the Danish Companies Act, the invitation to the Annual General Meeting contained a link to the Company's website where presentation of the candidates with their executive functions and directorships was set out. All candidates were present at the Annual General Meeting.

**The Chairman of the Annual General Meeting** asked whether there were other proposals for candidates for election to the Supervisory Board. As this was not the case, he ascertained that Flemming Besenbacher, Carl Bache, Magdi Batato, Richard Burrows, Søren-Peter Fuchs Olesen, Lars Stemmerik, Domitille Doat-Le Bigot, Lilian Fossum Biner, Lars Fruergaard Jørgensen and Majken Schultz were elected as board members.

## **Re 6) Election of Auditor**

**The Chairman of the Annual General Meeting** then proceeded to **item 6)** of the agenda and stated that according to article 33 of the Articles of Association, a state-authorized public accountant had to be appointed to audit the 2019 accounts, and informed the audience that the Supervisory Board proposes to re-elect PwC as auditor in accordance with the recommendation of the Audit Committee.

**The Chairman of the Annual General Meeting** asked whether there were any other proposals and confirmed, as there were no other proposals, that PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab (CVR no. 3377 1231) was re-elected as the Company's auditor.

**The Chairman of the Annual General Meeting** ascertained that the agenda had been completed and that the Annual General Meeting was closed.

Chairman of the Annual General Meeting:  
Anders Lavesen