



# REMUNERATION REPORT 2020

# REMUNERATION REPORT

## The Carlsberg Group's Remuneration Policy balances our short-term and long-term performance, taking into consideration our business strategy, our purpose of brewing for a better today and tomorrow, and our aim to deliver value for shareholders.

While our performance relative to peers was positive in 2020, COVID-19 had a significant impact on business results due to the related lockdowns and government

restrictions across all our markets. Significant cost mitigation efforts partly offset the revenue decline, but the targets for operating profit and revenue that were set going into the year were not met.

The Supervisory Board agreed that, despite the circumstances, no discretionary adjustments would be made to any incentive achievement.

Accordingly, annual incentive payments to the Executive Board were limited to achievement of cash

flow and our strategic objectives, for which good progress on Together Towards ZERO and Funding the Journey continued.

Looking longer term, in the 3-year period ending in 2020, the business fundamentals and results continued to be very strong.

Total shareholder return was close to the upper quartile against the peer group. ROIC and earnings per share developed strongly, even with the significant headwinds in 2020.

Despite strong performance in 2018 and 2019, revenue growth did not come through as expected in 2020 due to the COVID-19 challenges.

The remuneration outlined in this report complies in full with the Carlsberg Group's approved Remuneration Policy.

### LOOKING AHEAD

To further increase our commitment to Environmental, Social and Governance (ESG) objectives, in 2021 we will increase the weighting of ESG measures in the short-term incentive scheme to 20%.

In addition to carbon emissions and water usage, we will broaden our metrics to include responsible drinking by promoting choice for our consumers through alcohol-free brews, building a more diverse and inclusive company and ensuring we continue to govern the company to the highest standards.



**The underlying performance of the business – particularly over the 3-year period ending in 2020 – remains strong.**

Richard Burrows  
Chair of the Remuneration Committee

### Group performance

Performance indicator	2020	2019	2018	2017	2016
Volume, organic growth	-3.8%	+0.1%	+4.8%	-2%	-2%
Revenue, organic growth	-8.4%	+3.2%	+6.5%	+1%	+2%
Operating profit, organic growth	-3.1%	+10.5%	+11.0%	+8.4%	+5%
Operating margin, reported	16.6%	15.9%	14.9%	14.6%	13.2%
Free cash flow, DKKm	5,057	9,962	6,156	8,680	8,616
Return on invested capital (ROIC)	8.9%	8.8%	8.1%	6.9%	5.9%

## REMUNERATION COMMITTEE

The Carlsberg Group’s remuneration approach is set out in the Remuneration Policy. It is designed to enable recruitment and retention of individuals with the expertise and ability required to run a growing international company, and to do so in a way that drives our business success and rewards executives when shareholders are rewarded. Levels of fixed remuneration are set based on individuals’ experience and contribution, and in the context of the external market.

While we do not seek to adhere rigidly to market benchmarks, we monitor and take into account pay levels and incentive opportunities in the principal markets from which we recruit: our European brewing and

spirits peers, the consumer goods sector, as well as companies across industry sectors in the Nordic region.

Many of our investors – including our majority shareholder – are long-term holders of our shares. We want our executives to share our shareholders’ perspective and believe remuneration should align their interests accordingly. The balance between the short-term remuneration package and long-term share-based pay and shareholding requirements strengthens this alignment.

The Remuneration Committee did not propose any changes to the pay structure in 2020 and confirms that there were no deviations from the Remuneration Policy in 2020.

The Company’s full Remuneration Policy for the Supervisory Board and

Executive Board as well as guidelines for incentive programmes as approved at the Annual General Meeting on 16 March 2020 are available on the Company’s website.

### MAIN ACTIVITIES IN 2020

During 2020, the main activities of the Remuneration Committee were:

- Finalising the Remuneration Policy, which was approved at the AGM.
- Monitoring performance of incentive plans in light of the uncertain business environment during the year.
- Preparing this Remuneration Report in line with new reporting standards under the EU Shareholder Rights Directive.
- Proposing to increase weighting of ESG in the short-term incentive plan from 2021.
- Reviewing the peer group for total shareholder return (TSR) to reflect our closest peers to the greatest possible extent.
- Appointing a new external independent advisor.

### Remuneration Committee meetings

Committee member	Committee meetings attended
Richard Burrows (Chair)	🍷🍷🍷🍷🍷
Magdi Batato	🍷🍷🍷🍷🍷
Domitille Doat-Le Bigot	🍷🍷🍷🍷🍷
Søren-Peter Fuchs Olesen	🍷🍷🍷🍷🍷
Flemming Besenbacher <sup>1</sup>	🍷🍷🍷🍷🍷

<sup>1</sup> Not a member of the Committee; attends meetings in his capacity as Chair of the Supervisory Board.

🍷 Attended meeting.

## THE COMMITTEE’S RESPONSIBILITIES

The Carlsberg Group’s Remuneration Committee is responsible for the Remuneration Policy (including the general guidelines for incentive programmes) for all members of the Supervisory Board and the Executive Board, for making proposals on changes to the Remuneration Policy, and for obtaining the approval of the Supervisory Board prior to seeking shareholders’ approval at the Annual General Meeting.

The Committee is responsible for making proposals to the Supervisory Board on the actual structure and content of the remuneration packages of members of the Supervisory Board and the Executive Board, in accordance with the policy approved by the shareholders.

The Committee advises the Supervisory Board on any major changes to the policy on senior employee remuneration structures for the Group, including for the Executive Committee. The Committee’s Terms of Reference, which govern how it operates, are approved by the Supervisory Board and are available on the Company’s website.

## REMUNERATION OF THE SUPERVISORY BOARD

The members of the Supervisory Board of Carlsberg A/S are remunerated for duties performed in the Company.

The remuneration of the Supervisory Board consists of a fixed annual base fee. The Chair receives a single fee of four-and-a-half times the base fee and no additional fees for any committee work.

The fees are reviewed, but not necessarily increased, each year, taking into account market practice with reference to an international peer group, as well as the need to

attract and retain high-calibre individuals.

Members of the Supervisory Board are not included in share incentive programmes, retirement benefit plans or other benefit plans.

### REMUNERATION IN 2020

The remuneration of the Supervisory Board for 2020 was approved by the Annual General Meeting on 16 March 2020.

The fees for members of the Supervisory Board for the financial year 2020 and additional fees are shown in the table on page 5.

### BOARD SHAREHOLDINGS

The number of shares in Carlsberg A/S held by Supervisory Board members, including holdings of related parties, is shown in the table below.

No member of the Supervisory Board owns shares or bonds in any of the subsidiaries or associates of Carlsberg A/S.

### Supervisory Board remuneration

	Base fee (DKK thousand)	Additional fee (as % of base fee)
All Supervisory Board members	412	
Chair of the Supervisory Board		350%
Deputy Chair of the Supervisory Board		50%
Chair of the Audit Committee		113%
Chair of the Remuneration Committee and of the Nomination Committee		50%
Member of board committee (per committee)		38%

### Supervisory Board committee membership

	Audit	Nomination	Remuneration
Flemming Besenbacher (Chair)		Chair	
Lars Fruergaard Jørgensen (Deputy Chair)	Member	Member	
Carl Bache		Member	
Magdi Batato	Member		Member
Domitille Doat-Le Bigot			Member
Lilian Fossum Biner	Chair		
Richard Burrows	Member	Member	Chair
Søren-Peter Fuchs Olesen			Member

### Supervisory Board members' holdings of shares in Carlsberg A/S

					Number	DKK million
		1 Jan. 2020	Additions	Sold	31 Dec. 2020	Market value
Flemming Besenbacher	B shares	1,850	-	-	1,850	1.80
Lars Fruergaard Jørgensen	B shares	152	-	-	152	0.15
Hans Andersen	B shares	1	-	-	1	-
Carl Bache	B shares	-	-	-	-	-
Magdi Batato	B shares	101	-	-	101	0.10
Domitille Doat-Le Bigot	B shares	-	-	-	-	-
Lilian Fossum Biner	B shares	250	-	-	250	0.24
Richard Burrows	B shares	2,040	-	-	2,040	1.99
Eva Vilstrup Decker	B shares	68	-	-	68	0.07
Finn Lok	B shares	-	-	-	-	-
Erik Lund	B shares	54	-	-	54	0.05
Søren-Peter Fuchs Olesen	B shares	652	-	-	652	0.64
Peter Petersen	B shares	-	-	-	-	-
Majken Schultz	B shares	-	-	-	-	-
Lars Stemmerik	B shares	-	-	-	-	-
<b>Total</b>		<b>5,168</b>	<b>-</b>	<b>-</b>	<b>5,168</b>	<b>5.04</b>

## CHANGES IN SUPERVISORY BOARD REMUNERATION

In 2020, the remuneration of Lars Fruergaard Jørgensen increased by DKK 0.28m. The increase was due to the fact he was first elected to the Supervisory Board in March 2019 and thus not remunerated for a full year. In addition, he became a member of the Audit Committee in 2020.

The remuneration of Domitille Doat-Le Bigot increased by DKK 0.12m and of Lilian Fossum Biner by DKK 0.36m. Both members were first elected in 2019 and did not receive a full year's remuneration in 2019. In addition, Lilian Fossum Biner became Chair of the Audit Committee in March 2020.

The remuneration of Richard Burrows decreased by DKK 0.16m in 2020, as he stepped down as Chair of the Audit Committee, continuing as a member of the Audit Committee.

## Remuneration of the Supervisory Board

DKK million	2020										
	Base fee	Additional Fee	Total fee	Change	2019	Change	2018	Change	2017	Change	2016
Flemming Besenbacher	0.41	1.44	1.85	-	1.85	-	1.85	-	1.85	32%	1.40
Lars Fruergaard Jørgensen	0.41	0.48	0.89	20%	0.62	-	-	-	-	-	-
Hans Andersen	0.41	-	0.41	-	0.41	-	0.41	-	0.41	3%	0.40
Carl Bache	0.41	0.16	0.57	-	0.54	38%	0.41	-	0.41	3%	0.40
Magdi Batato	0.41	0.32	0.73	-	0.69	28%	0.46	-	-	-	-
Domitille Doat-Le Bigot	0.41	0.16	0.57	-	0.45	-	-	-	-	-	-
Lilian Fossum Biner	0.41	0.41	0.82	54%	0.45	-	-	-	-	-	-
Richard Burrows	0.41	0.58	0.99	-25%	1.15	33%	0.90	20%	0.77	3%	0.75
Eva Vilstrup Decker	0.41	-	0.41	-	0.41	-	0.41	-	0.41	3%	0.40
Finn Lok	0.41	-	0.41	-	0.41	-	0.41	-	0.41	3%	0.40
Erik Lund	0.41	-	0.41	-	0.41	-	0.41	-	0.41	3%	0.40
Søren-Peter Fuchs Olesen	0.41	0.16	0.57	-	0.54	38%	0.41	-	0.41	3%	0.40
Peter Petersen	0.41	-	0.41	-	0.41	-	0.41	-	0.41	3%	0.40
Majken Schultz	0.41	-	0.41	-	0.33	-	-	-	-	-	-
Lars Stemmerik	0.41	-	0.41	-	0.41	-	0.41	-	0.41	3%	0.40
<b>Total</b>	<b>6.15</b>	<b>3.71</b>	<b>9.86</b>	<b>-</b>	<b>9.08</b>	<b>-</b>	<b>6.49</b>	<b>-</b>	<b>5.90</b>	<b>-</b>	<b>5.35</b>
Remuneration of former members	-	-	-	-	0.51	-	2.86	-31%	3.68	3%	3.56
<b>Total incl. former members</b>	<b>6.15</b>	<b>3.71</b>	<b>9.86</b>	<b>2%</b>	<b>9.59</b>	<b>6%</b>	<b>9.35</b>	<b>-4%</b>	<b>9.58</b>	<b>7%</b>	<b>8.91</b>

Numbers shown in the table are the actual amounts paid to Supervisory Board members in each of the past five years. The percentage change indicated is based on annualised numbers, meaning only increases attributable to an actual change in fees and/or appointments/departures from Committees are represented in the "% change" column.

## REMUNERATION OF THE EXECUTIVE BOARD

Our overall executive remuneration packages are set to align with our ambition, our strategic priorities and our purpose of brewing for a better today and tomorrow.

The Remuneration Policy sets out the principles for executive remuneration, which are outlined in the table below.

### REMUNERATION OF THE EXECUTIVE BOARD IN 2020

The remuneration of the Executive Board in 2020 is detailed in the table on page 9.

38% of the CEO's total remuneration was fixed for the year, while 62% was variable. In the case of the CFO, 40% was fixed and 60% was variable.

#### FIXED SALARY

The Remuneration Committee reviews fixed salaries for the executive directors annually, taking into account a number of relevant factors, including the individual's performance, role and

responsibilities. The Committee also takes into account levels of remuneration for similar roles at comparable companies in both beverage and FMCG sectors, as well as companies based in the Nordic region across industry sectors.

#### Fixed salaries in 2020

In 2020, the Supervisory Board increased the executive directors' fixed salaries by 2.25%. This was approved prior to the onset of COVID in Western Europe and aligned with the average budgeted increase for our central office employees. The executive directors' fixed salaries will not increase in 2021.

The annual fixed salary paid to Cees 't Hart in 2020 was DKK 12.9m. The annual fixed salary for Heine Dalsgaard was DKK 7.8m. Executives make their own provisions for retirement and no additional pension contributions are made on their behalf.

#### ANNUAL BONUS

The annual bonus is structured to incentivise the executive directors to deliver on the Group's annual strategic objectives.

Determination of the final bonus is subject to the approval of the Committee and the Supervisory

Board, taking into account overall business performance.

#### Awarded in 2020

In 2020, the annual bonus comprised two elements. The first element, accounting for 80% of the bonus, was based on three measures: organic revenue growth, organic operating profit and addressable cash flow.

The second element, accounting for 20%, was linked to performance against measures that reflected the Group's strategic priorities. For both the CEO and the CFO, these elements were linked to Funding the

### Elements of executive directors' remuneration

Element of pay	Objective	Award level	Performance criteria for 2020	Weighting	Performance period
Fixed salary	Attract and retain high-performing individuals by reflecting market value of role and executive's skills and experience. Reward day-to-day performance. Set at a level to prevent over-reliance on variable pay.	Takes into account the market rate for similar roles in comparable international companies as well as executive's skills and experience. See Remuneration Policy, section 3.A.	No performance criteria per se, but the performance of the individual is taken into account when fixed salary levels are reviewed.	N/A	Financial year.
Benefits	Operate a competitive benefits suite to aid recruitment and retention.	Perquisites and other benefits corresponding to market practices. See Remuneration Policy, section 3.B.	N/A	N/A	N/A
Pension	Executives make their own provision for retirement.	N/A. See Remuneration Policy, section 3.B.	N/A	N/A	N/A
Annual bonus plan	Drive and reward delivery of short-term business objectives.	Maximum bonus opportunity is 100% of fixed salary. Bonus opportunity at target is 60% of fixed salary. See Remuneration Policy, section 3.C.	<ul style="list-style-type: none"> <li>Organic operating profit.</li> <li>Addressable cash flow.</li> <li>Organic revenue growth.</li> <li>Strategic measures (Funding the Journey and Together Towards ZERO).</li> </ul>	35% 25% 20% 20%	Financial year.
Long-term incentive plan	Drive and reward delivery of longer-term business objectives. Maximise alignment with shareholder value.	The maximum level of long-term incentive awards is 300% of fixed salary based on the face value of the award at the grant date. See Remuneration Policy, section 3.C.	<ul style="list-style-type: none"> <li>Relative total shareholder return (TSR).</li> <li>Growth in adjusted EPS at constant currencies.</li> <li>Organic revenue growth.</li> <li>ROIC at constant currencies.</li> </ul>	25% 25% 25% 25%	3 years with 3-year vesting.

Journey (10%) and our sustainability programme Together Towards ZERO (10%).

For the financial year 2020, 45% of the maximum bonus award was payable for performance in 2020 for the CEO and CFO. This complies with the maximum awards as outlined in the Remuneration Policy.

Organic revenue growth was significantly impacted by COVID-19, and consequently KPI achievement was 0% of maximum.

Due to the early response to the weakening demand, through which significant cost reductions were achieved, the organic operating profit decline was less than that in revenue growth. Irrespective of this, KPI achievement amounted to 0% of maximum.

The Group maintains a strong focus on protecting its financial position, and several measures were taken during the year to protect cash and liquidity. Thanks to its strong financial position, the Group was able to engage in M&A activities, acquiring Marston's brewing activities in the UK, Wernesgrüner Brewery in Germany and the rights to the Brooklyn brand in our markets, as well as returning significant cash to shareholders in the form of increased dividend and a DKK 2.9bn share

buy-back programme. The KPI achievement for addressable cash flow was achieved at 100% of maximum.

The strategic measures encompassed Funding the Journey and Together Towards ZERO. In recent years, the Group has developed a strong Funding the Journey culture, and the Operating Cost Management toolkit played an important role in the Group's ability to respond quickly to the changes in market demand.

During the year, we also continued to make progress towards our

targets for CO<sub>2</sub> and water, progressing well towards our ambitious goals of zero CO<sub>2</sub> emissions and zero water waste.

The combined KPI achievement for the strategic measures amounted to 100% of maximum.

#### LONG-TERM INCENTIVE ARRANGEMENTS

The long-term incentive criteria are designed to incentivise the executive directors to deliver on the long-term business objectives and to maximise alignment with shareholder value and financial sustainability.

We use a performance share scheme based on four metrics to measure the success of our strategic priorities, including our ability to drive revenue and earnings growth through premiumisation, pricing and volume growth, and continued execution of efficiency improvements and cost reductions.

Performance shares vest three years after the grant date, subject to performance conditions. The vesting of any performance shares is subject to achievement of performance conditions determined by the Committee prior to the grant date.

The performance share award is subject to four performance conditions measured over three years: relative total shareholder return, adjusted earnings per share, organic revenue growth and return on invested capital (see table below).

The performance conditions increase and support alignment of the executive directors' award with the long-term Group strategy and shareholder value. In order for any award (or part of an award) to vest, the Committee must be satisfied that underlying Group performance is at a satisfactory level.

#### Long-term incentive plan – targets for 2020-2022

Measure	Description	Performance condition measured over the three financial years 2020-2022
Relative total shareholder return (TSR)	TSR measures the total return to investors. The Group's TSR performance will be measured relative to a comparator group of 16 companies <sup>1</sup> .	<ul style="list-style-type: none"> <li>25% of the TSR element vests if the Group's TSR performance is at median of the peer group's<sup>1</sup>.</li> <li>100% vests for upper-quartile performance.</li> <li>Straight-line vesting between median and upper quartile.</li> </ul>
Adjusted EPS growth	Adjusted EPS growth targets measure the Group's underlying financial success.	<ul style="list-style-type: none"> <li>25% of the adjusted EPS at constant currencies element vests for 4% p.a. growth.</li> <li>100% vests for 9% p.a. growth.</li> <li>Straight-line vesting between 4% p.a. and 9% p.a.</li> </ul>
Organic revenue growth	Organic revenue growth is a measure of the Group's ability to deliver on our SALL'22 priorities.	<ul style="list-style-type: none"> <li>25% of the organic revenue element vests for 1.5% p.a. growth.</li> <li>100% vests for 4.5% p.a. growth.</li> <li>Straight-line vesting between 1.5% p.a. and 4.5% p.a.</li> </ul>
Growth in ROIC	Growing ROIC is a key financial metric reflecting our ability to drive a positive development in shareholder returns.	<ul style="list-style-type: none"> <li>25% of the ROIC in constant currencies element vests at 9.5% in 2022.</li> <li>100% vests at 10.5% in 2022.</li> <li>Straight-line vesting between 9.5% and 10.5% in 2022.</li> </ul>

<sup>1</sup> TSR comparator group: Kirin Holdings, Britvic, Davide Campari-Milano, Rémy Cointreau, Asahi Group Holdings, Compañía Cervecerías Unidas, Diageo, Heineken, Ambev, Brown-Forman, Pernod-Ricard, Sapporo Holdings, Dr Pepper Snapple Group, Tsingtao Brewery, Anheuser-Busch Inbev and Molson Coors Brewing.

**Vested in 2020**

For the performance period ending in 2020, 66.7% of the 2018-2020 performance share awards vested for the CEO and CFO.

Total shareholder return was just below the upper quartile of the peer group and significantly stronger than the majority of the beer-industry peers.

EPS growth and ROIC both progressed solidly despite the significant headwinds in 2020. Despite strong 2018-2019 performance, the revenue target became unachievable during 2020 because of the revenue decline caused by the impact of COVID-19 on our markets.

**Granted in 2020**

In 2020, the CEO and the CFO were granted long-term incentive awards with a face value of 255% and 210% of fixed full-year salary respectively at the time of award. This complies with the maximum award levels outlined in our Remuneration Policy and means the eventual number of shares that vest cannot be higher than the number granted.

In order to properly present our best estimate of the actual value of these awards, we therefore report both the annualised accounting cost of all outstanding awards, adjusted for

performance, and the fair value of the award at the time of grant in the table on page 9.

The grant levels are decided at the discretion of the Supervisory Board to align the overall remuneration structure with our pay strategy. Any awards are subject to successful achievement of stated performance criteria.

The performance conditions for the 2020-2022 programme are detailed in the table on page 7.

**OUTSTANDING LONG-TERM AWARDS**

The table on page 9 outlines the total number of outstanding share options and performance shares for the executive directors.

The number of shares shown in the table is the maximum number of shares that can vest.

The fair value of performance shares is estimated using a stochastic (quasi-Monte Carlo) valuation model of market conditions and a Black-Scholes call option-pricing model, taking into consideration the terms and conditions upon which the performance shares were granted.

**TOTAL REMUNERATION**

On page 9, total remuneration of the Executive Board, including fixed

salary and variable payment, is shown, including the year-on-year change versus 2019.

**RECLAIMING VARIABLE PAY**

In the event of serious misconduct, or if an annual bonus or long-term incentive award is made on the basis of financial statements that prove to be materially misstated, the Company may reclaim, in full or in part, any overpayment from the annual bonus, or cancel or withdraw unexercised or unvested long-term incentive awards made to the executive directors. The Group has not reclaimed any variable pay.

**SHARE OWNERSHIP GUIDELINES**

In order to strengthen the alignment between executive directors and shareholders, the CEO is expected to build up a holding of shares with a market value equivalent to 150% of fixed salary, and the CFO a holding equivalent to 120% of fixed salary.

*Shareholdings*

The number of shares in Carlsberg A/S held by Cees 't Hart and Heine Dalsgaard, as well as the movements during 2020, are shown in the tables below.

The tables include the holdings of the related parties of the CEO and the CFO.

None of the executive directors own shares in any of the subsidiaries or associates of Carlsberg A/S.

**Executive directors' holdings of Carlsberg A/S shares**

					Number	DKK million
		1 Jan. 2020	Additions	Sold	31 Dec. 2020	Market value
Cees 't Hart	B shares	27,823	44,650	-27,800	44,673	43.57
Heine Dalsgaard	B shares	19,934	22,215	-17,000	25,149	24.53

**Share ownership guidelines and actual holdings**

		Share ownership guideline as % of fixed salary	Actual % held at 31 Dec. 2020	Fair value of invested options and performance shares as % of fixed salary (prior to deduction for tax and incidental costs)
Cees 't Hart		150.0%	338%	1,062%
Heine Dalsgaard		120.0%	314%	538%



The table below outlines the share options and performance shares granted to the Executive Directors. The number of shares in the table is the maximum number of shares that

can vest. These are adjusted immediately prior to final vesting based on Supervisory Board approval of achievement of the predefined performance criteria.

### Executive directors' granted share options and performance shares

Grant year	Exercise year	1. Jan 2020	Granted	Adjusted	Exercised	31 Dec. 2020	Number	DKK million
							For exercise 31 Dec.	Fair value 31 Dec.
<b>SHARE OPTIONS</b>								
<b>Cees 't Hart</b>								
2015	2018-2023	97,334	-	-	-	97,334	97,334	46
2016	2019-2024	17,650	-	-	-	17,650	17,650	6
<b>Total</b>		<b>114,984</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,984</b>	<b>114,984</b>	<b>52</b>
<b>PERFORMANCE SHARES</b>								
<b>Cees 't Hart</b>								
2017-2019	2020	50,000	-	-5,350	-44,650	-	-	-
2018-2020	2021	44,263	-	-	-	44,263	-	27
2019-2021	2022	40,954	-	-	-	40,954	-	29
2020-2022	2023		32,714	-	-	32,714	-	29
<b>Total</b>		<b>135,217</b>	<b>32,714</b>	<b>-5,350</b>	<b>-44,650</b>	<b>117,931</b>	<b>-</b>	<b>85</b>
<b>Heine Dalsgaard</b>								
2017-2019	2020	24,877	-	-2,662	-22,215	-	-	-
2018-2020	2021	22,023	-	-	-	22,023	-	13
2019-2021	2022	20,377	-	-	-	20,377	-	15
2020-2022	2023		16,277	-	-	16,277	-	14
<b>Total</b>		<b>67,277</b>	<b>16,277</b>	<b>-2,662</b>	<b>-22,215</b>	<b>58,677</b>	<b>-</b>	<b>42</b>
<b>Executive directors, total</b>		<b>317,478</b>	<b>48,991</b>	<b>-8,012</b>	<b>-66,865</b>	<b>291,592</b>	<b>114,984</b>	<b>179</b>

### ACCOUNTING POLICIES

The remuneration of the executive directors includes the fair value of granted performance shares accrued over the vesting period. On initial recognition (the grant

date), the number of awards expected to vest and the fair value thereof are estimated. The estimate of awards expected to vest is subsequently revised for

any changes impacting the accrued amount. Accordingly, the total recognition is based on the number of awards that ultimately vest.

### Remuneration of executive directors

DKK million	Cees 't Hart (CEO)		Heine Dalsgaard (CFO)	
	2020	2019	2020	2019
Fixed salary	12.9	12.6	7.8	7.6
Change in fixed salary	2%	2%	2%	2%
<b>Cash bonus and benefits</b>				
Cash bonus	5.8	11.4	3.5	7.1
Other benefits	1.1	1.1	-	-
Non-monetary benefits	0.1	0.1	0.3	0.3
<b>Remuneration settled in cash and non-monetary benefits</b>	<b>19.9</b>	<b>25.2</b>	<b>11.6</b>	<b>15.0</b>
<b>Share-based payments</b>				
Share-based payments <sup>1</sup>	17.3	24.6	8.7	12.4
<b>Total</b>	<b>37.2</b>	<b>49.8</b>	<b>20.3</b>	<b>27.4</b>
Change in total	-25%	-5%	-26%	-4%

### Total Remuneration based on value of shares granted in year

Fair value of shares granted <sup>2</sup>	20.0	19.4	9.9	9.7
Total (fair value of share grant plus cash & benefits)	39.9	44.6	21.5	24.7
Change in total	-11%	1%	-13%	2%

<sup>1</sup>The value of share-based payments does not reflect the value of shares transferred to or cash equivalents received by the executive director during the year. The amount reflects only the technical accounting charge to the income statement required by IFRS.

<sup>2</sup>The fair value of granted performance shares is estimated using a stochastic (quasi-Monte Carlo) valuation model of market conditions and a Black-Scholes call option-pricing model of other conditions, taking into account the terms and conditions upon which the performance shares were granted

## CEO PAY RATIO

We apply the same basic principles to the Executive Board remuneration as we do for all our employees, benchmarking salaries against the relevant external market for the role.

Complying with legal requirements, the CEO to average employee remuneration ratio for the Parent Company is shown in the table below. Average remuneration is based on all employee costs, including incentives and benefits.

The Parent Company, Carlsberg A/S, is a small entity, primarily employing research scientists in the Carlsberg Research Laboratory. The annual average remuneration in this entity is

relatively volatile because of the small number of employees in the entity, meaning changes to average remuneration are more related to individuals joining and leaving than to any meaningful trend.

The table below therefore also shows the global Carlsberg Group ratio. This number is heavily influenced by different salary levels in the markets in which Carlsberg operates, as detailed in the graphs on the right-hand side.

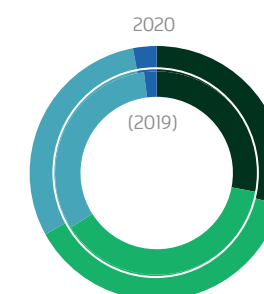
Sales, distribution and production colleagues make up 90% of the workforce in the Group. 68% of the workforce is employed in Asia and Eastern Europe.

### Employee remuneration

DKK million	2020	Change	2019	Change	2018	Change	2017	Change	2016
<b>Group</b>									
Average employee remuneration, excl. registered executives (DKKm)	0.23	-9%	0.26	-0%	0.26	6%	0.24	-5%	0.25
CEO/average employee ratio	159	-18%	194	-5%	204	14%	178	25%	142
<b>Parent Company</b>									
Average employee remuneration, excl. registered executives (DKKm)	0.76	-6%	0.81	-7%	0.87	-2%	0.89	47%	0.61
CEO/average employee ratio	49	-21%	62	2%	60	24%	49	-18%	60

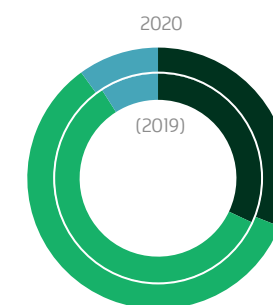
Please note that the change shown in the CEO/average employee remuneration ratio is the percentage increase or decrease in the ratio and not the increase or decrease in total remuneration paid to the CEO, which can be found in the table on page 9.

### Employees by segment (%)



■ Western Europe 29% (28%)  
 ■ Asia 38% (38%)  
 ■ Eastern Europe 30% (32%)  
 ■ Other 3% (2%)

### by function (%)



■ Production 31% (32%)  
 ■ Sales & Distribution 59% (59%)  
 ■ Administration 10% (9%)

# SUMMARY OF EXECUTIVE BOARD REMUNERATION

	2020	2019	2018	2017	2016
<b>Group financial data</b>					
Volume, organic growth (%)	-3.8	0.1	4.8	-2	-2
Revenue, organic growth (%)	-8.4	3.2	6.5	1	2
Operating profit, organic growth (%)	-3.1	10.5	11.0	8.4	5
Operating margin, reported (%)	16.6	15.9	14.9	14.6	13.2
<b>Parent financial data</b>					
Operating profit, reported growth (%)	55.2	14.7	2.3	-16.4	8.9
Profit for the year, reported growth (%)	19.0	13.2	58.2	19.3	12.5
<b>Capital allocation</b>					
Net interest-bearing debt/EBITDA (x)	1.51	1.25	1.29	1.45	1.96
Dividend payout ratio, adjusted (%)	50	50	51	50	39
Dividend per share (DKK)	22	21	18	16	10
Total dividend paid (DKKbn)	3.3	3.2	2.7	2.4	1.5
Share buy-back (DKKbn)	2.9	4.1	-	-	-
Total shareholder return (DKKbn)	6.2	7.3	2.7	2.4	1.5
<b>Executive remuneration</b>					
CEO, Cees 't Hart, fixed remuneration (DKKkm)	14.1	13.8	13.5	13.3	13.3
Change, fixed remuneration (%)	2	2	2	-	N/A
CEO, Cees 't Hart, total remuneration (DKKkm)	37.2	49.8	52.5	43.2	36.1
Change, total remuneration (%)	-25	-5	22	20	N/A
CEO, Cees 't Hart, total remuneration based on fair value of grants (DKKkm)	39.9	44.6	44.3	41.6	40.0
Change, total remuneration based on fair value of grants (%)	-11	1	6	4	12.7
CFO, Heine Dalsgaard, fixed remuneration (DKKkm)	8.1	7.9	7.7	7.6	4.4
Change, fixed remuneration (%)	3	3	1	73	N/A
CFO, Heine Dalsgaard, total remuneration (DKKkm)	20.3	27.4	28.4	25.3	25.5
Change, total remuneration (%)	-26	-4	12	-1	N/A
CFO, Heine Dalsgaard, total remuneration based on fair value of grants (DKKkm)	21.5	24.7	24.6	26.0	33.2
Change, total remuneration based on fair value of grants (%)	-13	2	-5	-22	N/A
<b>Remuneration ratios</b>					
CEO, fixed remuneration share of total (%)	38	28	26	31	37
CEO, variable remuneration share of total (%)	62	72	74	69	63
CFO, fixed remuneration share of total (%)	40	29	27	30	17
CFO, variable remuneration share of total (%)	60	71	73	70	83
Change, Parent average employee remuneration, excl. registered executives (%)	-6	-7	-2	47	-42
CEO/average employee, Parent Company, ratio	49	62	60	49	60

## CHANGES IN SUPERVISORY BOARD REMUNERATION

	2020	2019	2018	2017	2016
<b>Change in remuneration of the Supervisory Board</b>					
Flemming Besenbacher	-	-	-	32%	-
Lars Fruergaard Jørgensen	20%	-	-	-	-
Hans Andersen	-	-	-	3%	-
Carl Bache	-	38%	-	3%	-
Magdi Batato	-	28%	-	-	-
Domitille Doat-Le Bigot	-	-	-	-	-
Lilian Fossum Biner	54%	-	-	-	-
Richard Burrows	-25%	33%	20%	3%	-
Eva Vilstrup Decker	-	-	-	3%	-
Finn Lok	-	-	-	3%	-
Erik Lund	-	-	-	3%	-
Søren-Peter Fuchs Olesen	-	38%	-	3%	-
Peter Petersen	-	-	-	3%	-
Majken Schultz	-	-	-	-	-
Lars Stemmerik	-	-	-	3%	-

# SUPERVISORY BOARD STATEMENT

The Supervisory Board has today considered and adopted the Remuneration Report of Carlsberg A/S for the financial year 2020.

The Remuneration Report has been prepared in accordance with section 139 b of the Danish Companies Act.

The Remuneration Report is submitted to the Annual General Meeting for an indicative vote.

Copenhagen, 5 February 2021

## Supervisory Board of Carlsberg A/S

Flemming Besenbacher  
Chair

Lars Fruergaard Jørgensen  
Deputy Chair

Hans Andersen

Carl Bache

Magdi Batato

Domitille Doat-Le Bigot

Lilian Fossum Biner

Richard Burrows

Eva Vilstrup Decker

Finn Lok

Erik Lund

Søren-Peter Fuchs Olesen

Peter Petersen

Majken Schultz

Lars Stemmerik

# INDEPENDENT AUDITOR'S STATEMENT

## TO THE SHAREHOLDERS OF CARLSBERG A/S

We have examined whether the Remuneration Report for Carlsberg A/S for the financial year 1 January – 31 December 2020 contains the information required under section 139 b, subsection 3 of the Danish Companies Act.

We express reasonable assurance in our conclusion.

## THE SUPERVISORY BOARD'S RESPONSIBILITY FOR THE REMUNERATION REPORT

The Supervisory Board is responsible for the preparation of the Remuneration Report in accordance with section 139 b, subsection 3 of the Danish Companies Act. The Board of Directors is also responsible for the internal control that the Board of Directors deems necessary to prepare the Remuneration Report without material misstatement, regardless of whether this is due to fraud or error.

## AUDITOR'S INDEPENDENCE AND QUALITY MANAGEMENT

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers is subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulations.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the Remuneration Report based on our examinations. We conducted our examinations in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish auditor regulation to obtain reasonable assurance in respect of our conclusion.

As part of our examination, we checked whether the Remuneration Report contains the information required under section 139 b, subsection 3 of the Danish Companies Act, number 1 - 6, on the remuneration of each individual member of the Executive Board and the Board of Directors.

We believe that the procedures performed provide a sufficient basis for our conclusion. Our examinations have not included procedures to verify the accuracy and completeness of the information provided in the Remuneration Report, and therefore

we do not express any conclusion in this regard.

## CONCLUSION

In our opinion the Remuneration Report, in all material respects, contains the information required under the Danish Companies Act, section 139 b, subsection 3.

Copenhagen, 5 February 2021  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR No 3377 1231

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State Authorised Public Accountant  
mne 21404

Gert Fisker Tomczyk  
State Authorised Public Accountant  
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This report contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, will result, could, may, might", or any variations of such words or other words with similar meanings. Any such statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying

such expectations or forecasts, may change. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements. Some important risk factors that could cause the Group's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, increasing industry consolidation, competition from other breweries, the availability and pricing of raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected termination of contracts, price reductions resulting from market-driven price reductions, market acceptance of new products, changes in consumer preferences, launches of rival

products, stipulation of fair value in the opening balance sheet of acquired entities, litigation, environmental issues and other unforeseen factors. New risk factors can arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

Proofreading: Borella projects