

CHR. HANSEN 2019/20

# Remuneration Report

Company reg. no. 28318677

**CHR HANSEN**

*Improving food & health*

# Contents

<b>1 Remuneration Board and Executive Board</b> .....	3	<b>4 Remuneration Executive Board</b> .....	8	<b>5 Remuneration comparison</b> .....	17
1.1 Remuneration objectives .....	3	4.1 Executive Board .....	8	<b>6 Compliance with Remuneration Policy</b> .....	20
1.2 Remuneration Policy .....	3	4.2 Remuneration.....	8	<b>7 Auditor's Statement on the Report</b> .....	21
1.3 Remuneration Committee....	3	4.3 Fixed Base Salary .....	12	<b>8 Board of Directors' Statement on the Report</b> .....	22
<b>2 Overview Financial Performance</b> .....	4	4.4 Pension Contribution .....	12		
<b>3 Remuneration Board of Directors</b> .....	5	4.5 Termination and Severance Payments.....	12		
3.1 Board of Directors.....	5	4.6 Non-Monetary Benefits.....	12		
3.2 Remuneration.....	5	4.7 Claw-Back .....	12		
3.3 Shareholding Requirement...	7	4.8 Annual Bonus - Short-term incentive .....	12		
		4.9 Matching Shares Program - Long-term incentive .....	13		
		4.10 Executive Board Shareholdings .....	16		

This remuneration report (the "Report") provides an overview of the total remuneration received by each member of the Board of Directors ("Board") and of the Executive Board of Chr. Hansen Holding A/S, CVR no. 28318677, (Chr. Hansen or the "Company") during the 2019/20 financial year with comparative figures for past financial years where relevant. The Executive Board consists of all executives registered as executives with the Danish Business Authority.

The Report has been prepared in accordance with section 139b of the Danish Companies Act (the "DCA") and the European commission Guidelines on the standardized presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement.

The information provided in the Report was primarily derived from the audited annual reports of the Company for the financial years 2016/17 to 2019/20 available on the Company's website, [www.chr-hansen.com](http://www.chr-hansen.com). All amounts are stated in EUR, gross, unless otherwise indicated.

This remuneration report is also prepared in accordance with the Recommendations on Corporate Governance issued in November 2017 by the Danish Committee on Corporate Governance.

# 1 Remuneration of the Board and Executive Board

## 1.1 Remuneration objectives

The remuneration of the Board and the Executive Board is to contribute towards ensuring that Chr. Hansen is able to attract and retain highly qualified individuals to its Board and Executive Board. The remuneration and its composition are structured to suitably align the interests of management and shareholders. In this context, remuneration should contribute towards promoting the strategy, long-term sustainability and creation of value in Chr. Hansen by supporting the Company's long-term and short-term objectives.

## 1.2 Remuneration Policy

The Remuneration Policy forms the basis for the framework governing remuneration of the Board and the Executive Board. The policy is available at:

[www.chr-hansen.com/en/investors/governance/remuneration](http://www.chr-hansen.com/en/investors/governance/remuneration).

At the November 27, 2019 Annual General Meeting the Remuneration Policy was revised, when the Annual General Meeting approved amendments to the principles of the short-term incentive (cash bonus and restricted stock units) program and the long-term incentive (matching shares) program to the Executive Board by introducing target values, changing the maximum values, clarifying mandatory claw-back in the event of errors in the accounting figures or other basis for the award or vesting under the incentive programs, and specifying that with respect to the short-term incentive minimum of one-third of the earned short-term incentives will be granted in the form of restricted stock units. Further, the Annual General Meeting approved amendments in order to reflect that board members receive fixed travel allowance in connection with Board and committee-related meetings outside their country of residence instead of in connection with overseas travel only.

## 1.3 Remuneration Committee

The Board has established a Remuneration Committee that assists the Board of Directors in meeting its responsibilities with respect to establishing, implementing and executing its Remuneration Policy for the members of the Board, its committees and the Executive Board and assists with the preparation of the annual Remuneration Report.

For the charter of the Remuneration Committee and the key matters handled by the Remuneration Committee in 2019/20, please refer to:

[www.chr-hansen.com/en/about-us/management/board-committees](http://www.chr-hansen.com/en/about-us/management/board-committees).

## 2 Overview Financial Performance

2019/20 was a year defined by COVID-19, in which Chr. Hansen delivered solid financial performance despite unique challenges. Organic growth was 5%, within the guidance provided at the beginning of the year. EBIT margin before special items was 29.9%, the highest margin ever delivered. And free cash flow before acquisitions and special items was EUR 245 million.

As Business performance was aligned with the overall expectations for the year and external guidance, Short Term Incentive pay-out has generally been close to expected targets.

The Matching Shares program that vested in November 2019 was impacted by organic growth and EBIT, both of which were below the double-digit growth that was set as an expectation in November 2016 for the 3-year vesting period. This resulted in a pay-out significantly below the target level for the LTI program. The 2017 program that vests in November 2020 has also been significantly impacted by the performance outcome being below the expectations set in November 2017, also resulting in a pay-out significantly below the target.

The remuneration of the Executive Board is in compliance with the Remuneration Policy, and the earning of cash bonus and the grant and vesting of share-based remuneration have been factually based on the realization of the agreed targets (KPIs).



## 3 Remuneration Board of Directors

### 3.1 Board of Directors

No changes were made to the Board at the Annual General Meeting held on November 27, 2019:

As per August 31, 2020 the Board consists of:

- Dominique Reiniche, Chair
- Jesper Brandgaard, Vice Chair
- Luis Cantarell, board member
- Lisbeth Grubov, board member (employee representative)
- Charlotte Hemmingsen, board member (employee representative)
- Heidi Kleinbach-Sauter, board member
- Niels Peder Nielsen, board member
- Per Poulsen, board member (employee representative)
- Kim Ib Sørensen, board member (employee representative)
- Kristian Villumsen, board member
- Mark Wilson, board member

### 3.2 Remuneration

Members of the Board receive a cash fee but no incentive-based remuneration.

The remuneration is composed of a fixed annual base fee that is the same for all Board members. In addition, the Chair and the Vice Chair of the Board and Board members serving on permanent committees receive annual supplementary fees. The Chair of a committee receives a higher supplementary fee.

The amount of the fixed annual base fee and supplementary fees for the current financial year must be approved at a general meeting, based on a proposal from the Board of Directors that is based on a recommendation by the Remuneration Committee. The Remuneration Committee's recommendations must be based upon market practice, the scope and nature of the work and the qualifications required.

If the Board instructs a Board member to perform specific tasks on an ad hoc basis, which fall outside the scope of the Board's ordinary duties, the Board member in question may – subject to the prior or subsequent approval of a general meeting – receive separate supplementary remuneration in this regard.

The following Board fees for 2019/20, unchanged to 2018/19, were approved at the Annual General Meeting held on November 27, 2019:

**TABLE 1: BOARD FEES**

	<b>Board</b>	<b>Audit Committee</b>	<b>Nomination Committee</b>	<b>Remuneration Committee</b>	<b>Scientific Committee</b>
<b>Member</b>	EUR 53,691 DKK 400,000 (base fee)	EUR 20,134 DKK 150,000	EUR 16,779 DKK 125,000	EUR 16,779 DKK 125,000	EUR 20,134 DKK 150,000
<b>Chair</b>	EUR 161,074 DKK 1,200,000 (3x base fee)	EUR 40,268 DKK 300,000	EUR 26,846 DKK 200,000	EUR 33,557 DKK 250,000	EUR 33,557 DKK 250,000
<b>Vice Chair</b>	EUR 107,383 DKK 800,000 (2x base fee)	N/A	N/A	N/A	N/A

Fees approved in DKK are also shown in EUR for comparison purposes.

In addition to the above fees, the Company pays social security duties and similar taxes imposed by foreign authorities in relation to the Board members' fees. The Company reimburses Board members for relevant expenses, such as travel and accommodation, in connection with Board and committee related meetings as well as relevant education. In addition, Board members receive a fixed travel allowance of EUR 3,000 in connection with travel outside their country of residence to Board and committee related meetings.

Shareholder-elected Board members do not receive any remuneration from subsidiaries of Chr. Hansen Holding A/S.

TABLE 2: REMUNERATION OF BOARD MEMBERS (tEUR)

Name & Position. Committee memberships	Joined/Resigned	Annual Fee	Committee fees	Travel Allowance	2019/20 Total	2018/19 Total	2017/18 Total
<b>Dominique Reiniche, Chair</b> Audit (m), Nomination (c), Remuneration (c)	Nov 2013	161	83	6	250	217	160
<b>Jesper Brandgaard, Vice Chair</b> Audit (m), Nomination (m)	Nov 2017	107	37	0	144	127	60
<b>Luis Cantarell</b> Scientific (c)	Nov 2016	54	33	6	93	88	90
<b>Lisbeth Grubov</b> Employee representative	Nov 2017	54	0	0	54	57	40
<b>Charlotte Hemmingsen</b> Employee representative	Nov 2017	54	0	0	54	54	40
<b>Heidi Kleinbach-Sauter<sup>1</sup></b> Nomination (m) Scientific (m)	Nov 2017	54	37	3	94	87	60
<b>Niels Peder Nielsen</b> Scientific (m)	Nov 2018	54	20	0	74	55	0
<b>Per Poulsen</b> Employee representative	Nov 2013	54	0	0	54	54	60
<b>Kim Ib Sørensen</b> Employee representative	Nov 2017	54	0	0	54	57	40
<b>Kristian Villumsen<sup>2</sup></b> Remuneration (m),	Nov 2014	54	22	0	76	91	90
<b>Mark Wilson</b> Audit (c), Remuneration (m)	Oct 2010	54	57	18	129	129	130
<b>Ole Andersen</b>	Feb 2010/Nov 2018					58	240
<b>Svend Laulund</b>	Jan 2006/Nov 2017						10
<b>Tina Mattila-Sandholm</b>	Nov 2014/Nov 2017						20
<b>Frédéric Stévenin</b>	Nov 2006/Nov 2017						20
<b>Total<sup>3</sup></b>		<b>754</b>	<b>289</b>	<b>33</b>	<b>1,076</b>	<b>1,074</b>	<b>1,060</b>

(c) Chair, (m) Member

<sup>1</sup> Joined the Nomination Committee and stepped down from the Remuneration Committee per November 27, 2019<sup>2</sup> Joined the Remuneration Committee and stepped down from the Audit and Nomination Committees per November 27, 2019<sup>3</sup> In addition for 2019/20 EUR 110,000 is paid in respect of individual board members social security contribution. For 2018/19 the additional amount is EUR 16,000

### 3.3 Shareholding requirement

With a view to aligning the interests of the Company's shareholders and the members of the Board, the shareholder-elected members of the Board have all committed to purchasing shares corresponding to at least one year's base fee for an ordinary board member within 12 months of their appointment, and to maintaining a shareholding corresponding to at least one year's base fee throughout the entire period of their board membership in accordance with an internal process.

**TABLE 3: BOARD MEMBER SHAREHOLDINGS**

Name	Beginning of year	Bought during the year	Sold during the year	End of year
Dominique Reiniche	1,462	1,000	0	2,462
Jesper Brandgaard	3,622	1,000	0	4,622
Luis Cantarell	2,200	0	0	2,200
Lisbeth Grubov	100	20	0	120
Charlotte Hemmingsen	1,092	0	0	1,092
Heidi Kleinbach-Sauter	750	0	0	750
Niels Peder Nielsen	775	500	0	1,275
Per Poulsen	150	100	0	250
Kim Ib Sørensen	20	0	0	20
Kristian Villumsen	5,000	1,000	0	6,000
Mark Wilson	3,000	0	0	3,000



## 4 Remuneration Executive Board

### 4.1 Executive Board

The following changes to the composition of the Executive Board has been communicated during 2019/20:

No later than on October 31, 2020, the Executive Vice President & CFO Søren Westh Lonning will step down from Executive Board and be replaced by Lise Skaarup Mortensen.

As per August 31, 2020 the Executive Board consists of:

- Mauricio Graber, President & Chief Executive Officer (CEO)
- Søren Westh Lonning, Executive Vice President & Chief Financial Officer (CFO)
- Thomas Schäfer, Executive Vice President & Chief Scientific Officer (CSO)



### 4.2 Remuneration

Members of the Executive Board are entitled to an annual remuneration in accordance with the Remuneration Policy which may consist of the following fixed and variable remuneration components:

- fixed base salary
- pension contribution
- short-term incentive remuneration consisting of annual cash and RSUs
- long-term incentive remuneration consisting of participation in Matching Shares Programs
- termination and severance payments
- customary non-monetary employment benefits

The composition of these components creates a well-balanced remuneration package reflecting (i) individual performance and responsibility of the members of the Executive Board in relation to established goals and targets, both short and long-term, and (ii) the Company's overall performance.

The remuneration of members of the Executive Board should contribute towards ensuring that the Company is able to attract and retain highly qualified individuals. The remuneration and its composition should suitably align the interests of management and shareholders. In this context, remuneration should support motivation towards, achievement of strategic targets, long-term sustainability and creation of value in the Chr. Hansen Group by supporting the Group's long-term and short-term objectives.

Remuneration to the Executive Board is proposed by the Remuneration Committee and subsequently approved by the Board.

The Executive Board's remuneration, including the nature and level of incentive pay, is assessed on an ongoing basis in the light of the remuneration levels of other Danish C25 companies with international activities, as well as European companies operating within similar industries as Chr. Hansen.

Executive Board members do not receive any remuneration from subsidiaries of Chr. Hansen Holding A/S.

TABLE 4: PAY ELEMENTS

Element	Description	Level 2019/20
Base Salary	Fixed annual cash salary	Reflecting competitive market and individual performance
Pension	Defined contribution to company-designated pension provider or cash pension element.	20% of base salary
Short-Term Incentive	<p>Annual bonus based on group financial targets and individual non-financial targets.</p> <p>Minimum 1/3 of bonus is deferred as RSUs, rest paid in cash.</p> <p>RSUs vest 2 years after the performance year during which they are earned.</p> <p>Should a member of the Executive Board choose to defer a larger part of the annual bonus in the form of RSUs, a premium will be added to the RSU portion of the bonus.</p>	<p>Upon achievement of target performance, the target pay-out will be as follows:</p> <p>CEO: 70% of fixed base salary+ pension.</p> <p>CFO &amp; CSO: 50% of fixed base salary + pension</p> <p>Premium for increased RSU part:  1/2 in RSU (1/2 in cash): +30% on RSU part  2/3 in RSU (1/3 in cash): +50% on RSU part</p>
Long-Term Incentive	<p>Matching Share Program based on Financial targets and retention.</p> <p>Requires that members of the Executive Board purchase Chr. Hansen investment shares.</p>	<p>Required investment in Chr. Hansen shares of:</p> <p>CEO: 15.2% of fixed base salary+ pension</p> <p>CFO &amp; CSO: 11.5% of fixed base salary+ pensio</p> <p>When achieving target performance, the target pay-out (after 3 years of vesting) is 5 times the investment shares.</p> <p>CEO: 75.8% of fixed base salary + pension</p> <p>CFO &amp; CSO: 57.3% of fixed base salary+ pension</p>
Benefits	Typical benefits like: Company car, medical examinations etc.	Market competitive levels.

**TABLE 5: REMUNERATION OF THE EXECUTIVE BOARD** (€EUR)

2019/20. Name & Position	Base Salary	Pension	Fixed Base Salary+ Pension	Annual Cash Bonus 2019/20 <sup>1</sup>	Annual RSU bonus 2019/20 <sup>2</sup>	Matching Shares Granted 2019 <sup>3</sup>	Other <sup>4</sup>	Total	IFRS value <sup>5</sup>	Fixed% <sup>6</sup>	Variable%
Mauricio Graber, CEO	969	194	1,163	571	286	687	662	3,369	2,810	54%	46%
Søren Westh Lonning, CFO <sup>7</sup>	466	93	559	289	0	250	25	1,123	810	52%	48%
Thomas Schäfer, CSO	283	57	340	57	170	154	24	745	550	49%	51%
<b>Total</b>	<b>1,718</b>	<b>344</b>	<b>2,062</b>	<b>917</b>	<b>456</b>	<b>1,091</b>	<b>711</b>	<b>5,237</b>	<b>4,170</b>	<b>53%</b>	<b>47%</b>

<sup>1</sup> Earned cash value of bonus based on 2019/20 performance, to be paid in November 2020

<sup>2</sup> Earned RSU value of bonus based on 2019/20 performance, to be granted in November 2020

<sup>3</sup> Expected value of granted Matching Shares Program in October 2019 - vesting in October 2022

<sup>4</sup> Covers housing allowance, sign-on bonus to cover loss of sharebased incentive from previous employer (second installement of four), insurance, car & gas and other amenities

<sup>5</sup> Stated value in the annual report (note 2.3). In the Annual report EUR 0.48 million was expensed in 2019/20 as total Share-based payments to the Executive Board. The expenses related to incentive programs are amortized over the vesting period in accordance with IFRS 2, and which are adjusted for expected achievement of KPI's. IFRS value represent the value presented in the Annual Report. Hence, the IFRS-value consists of costs from current year's award together with costs from previous programmes, which vests in current year. The Remuneration report show only value recognized in the year of award

<sup>6</sup> Includes Base Salary, Pension and Other in relation to total

<sup>7</sup> Søren Westh Lonning will resign from the Executive Board no later than by October 31, 2020. Bonus paid out in cash - no RSUs

2018/19. Name & Position	Base Salary	Pension	Fixed Base Salary+ Pension	Annual Cash Bonus 2018/19 <sup>1</sup>	Annual RSU bonus 2018/19 <sup>2</sup>	Matching Shares Granted 2018 <sup>3</sup>	Other <sup>4</sup>	Total	IFRS value <sup>5</sup>	Fixed% <sup>6</sup>	Variable%
Mauricio Graber, CEO	953	191	1,144	486	243	549	679	3,101	2,820	59%	41%
Søren Westh Lonning, CFO	439	92	531	143	72	200	20	966	920	57%	43%
Thomas Schäfer, CSO	267	54	321	44	133	117	21	636	500	54%	46%
Christoffer Lorenzen, EVP <sup>7</sup>	337	67	404	158	-	176	18	756	620	56%	44%
<b>Total</b>	<b>1,996</b>	<b>404</b>	<b>2,400</b>	<b>831</b>	<b>448</b>	<b>1,042</b>	<b>738</b>	<b>5,459</b>	<b>4,860</b>	<b>57%</b>	<b>43%</b>

<sup>1</sup> Earned cash value of bonus based on 2018/19 performance, paid in November 2019

<sup>2</sup> Earned RSU value of bonus based on 2018/19 performance, granted in November 2019

<sup>3</sup> Expected value of granted Matching Shares Program in October 2018 - vesting in October 2021

<sup>4</sup> Covers housing allowance, sign-on bonus to cover loss of sharebased incentive from previous employer (first installement of four), insurance, car & gas and other amenities

<sup>5</sup> In the Annual report EUR 0.90 million was expensed in 2018/19 as total Share-based payments to the Executive Board. The expenses related to incentive programs are amortized over the vesting period in accordance with IFRS 2, and which are adjusted for expected achievement of KPI's. IFRS value represent the value presented in the Annual Report. Hence, the IFRS-value consists of costs from current year's award together with costs from previous programmes, which vests in current year. The Remuneration report show only value recognized in the year of award

<sup>6</sup> Includes Base Salary, Pension and Other in relation to total

<sup>7</sup> Christoffer Lorenzen resigned from the Executive Board June 30, 2019. Bonus paid out in cash - no RSUs

**TABLE 5: REMUNERATION OF THE EXECUTIVE BOARD (continued)** (tEUR)

2017/18. Name & Position	Base Salary	Pension	Fixed Base Salary+ Pension	Annual Cash Bonus 2017/18 <sup>1</sup>	Annual RSU bonus 2017/18 <sup>2</sup>	Matching Shares Granted 2017 <sup>3</sup>	Other	Total	IFRS value mEUR <sup>4</sup>	Fixed% <sup>5</sup>	Variable%
Mauricio Graber, CEO <sup>6</sup>	238	48	286	547	273	657	12	1,775	1,160	17%	83%
Søren Westh Lonning, CFO	370	74	444	147	73	199	4	867	810	50%	50%
Thomas Schäfer, CSO	218	44	262	79	39	137	22	539	500	53%	47%
Christoffer Lorenzen, EVP <sup>7</sup>	198	40	238	139	69	177	22	645	410	40%	60%
Cees de Jong, CEO <sup>8</sup>	603	121	724	435	-	460	17	1,636	1,540	45%	55%
<b>Total</b>	<b>1,627</b>	<b>327</b>	<b>1,954</b>	<b>1,347</b>	<b>454</b>	<b>1,630</b>	<b>77</b>	<b>5,462</b>	<b>4,420</b>	<b>37%</b>	<b>63%</b>

<sup>1</sup> Earned cash value of bonus based on 2017/18 performance, paid in November 2018

<sup>2</sup> Earned RSU value of bonus based on 2017/18 performance, to be granted in November 2018

<sup>3</sup> Expected value of granted Matching Shares Program in November 2017 - vesting in November 2020

<sup>4</sup> In the Annual report EUR 1.05 million was expensed in 2017/18 as total Share-based payments to the Executive Board. The expenses related to incentive programs are amortized over the vesting period in accordance with IFRS 2, and which are adjusted for expected achievement of KPI's. IFRS value represent the value presented in the Annual Report. Hence, the IFRS-value consists of costs from current year's award together with costs from previous programmes, which vests in current year. The Remuneration report show only value recognized in the year of award

<sup>5</sup> Includes Base Salary, Pension and Other in relation to total

<sup>6</sup> Mauricio Graber joined the Executive Board on June 1, 2018

<sup>7</sup> Christoffer Lorenzen joined the executive Board February 1, 2018

<sup>8</sup> Cees de Jong resigned from the Executive Board on May 31, 2018. Bonus paid in cash - no RSUs

### 4.3 Fixed Base Salary

The annual fixed base salary is intended to attract and retain competent key employees with a view to contributing to the Company's ability to obtain its short- and long-term targets.

### 4.4 Pension Contribution

Members of the Executive Board are entitled to receive a pension contribution of up to 20% of their fixed base salary.

### 4.5 Termination and Severance Payments

Employment agreements with members of the Executive Board are ongoing (i.e. without a fixed term) and are subject to a maximum notice of termination of 18 months. Severance payments (including salary during applicable notice periods) cannot exceed an amount equal to the total remuneration of the relevant member of the Executive Board during the two-year period prior to termination.

### 4.6 Non-Monetary Benefits

Members of the Executive Board are offered customary non-monetary employment benefits such as a company car, insurance, newspaper subscriptions, telephony and internet access as approved by the Board.

### 4.7 Claw-Back

The Company may decide to reclaim incentive remuneration in full or in part in cases where a cash bonus or other incentive remuneration has been provided to a member of the Executive Board on the basis of data or accounts which subsequently prove to have been misstated. In the 2019/20 financial year, no incentive remuneration was reclaimed.

### 4.8 Annual Bonus - Short-term incentive

Members of the Executive Board may receive an annual bonus determined at the discretion of the Board. The annual bonus is intended to align the individual members' performance with the Company's short-term targets. Payment of the cash bonus thus depends on the achievement of objectives related to the achievement of the Company's budgeted results, financial ratios and other measurable personal results of a financial or non-financial nature, all of which reflect and support the Company's short-term objectives.

The amount of a bonus may not exceed 120% of the CEO's fixed annual base salary + pension, and for other members of the Executive Board 95% of the annual fixed base salary + pension.

**TABLE 6: GENERAL STRUCTURE OF KPIS FOR ANNUAL BONUS 2019/20**

<b>Group financial targets</b>	Organic Growth	20%
	EBIT before special items	20%
	Free Cash Flow before acquisitions and special items	20%
<b>Individual, personal goals</b>	Individual non-financial targets	40%

**TABLE 7: KPI ACHIEVEMENT FOR ANNUAL BONUS EXECUTIVE BOARD 2019/20**

<b>Name and position</b>	<b>% KPI Achievement of max</b>	<b>EUR<sup>1</sup></b>
Mauricio Graber, CEO	73% of max based on fulfilment of KPIs	857,000
Søren Westh Lonning, CFO	73% of max based on fulfilment of KPIs	289,000
Thomas Schäfer, CSO	70% of max based on fulfilment of KPIs	227,000
<b>Total</b>		<b>1,373,000</b>

<sup>1</sup> EUR value including potential premium for selection to defer an increased RSU part above 1/3.

#### 4.9 Matching Shares Program - Long-term incentive 2019 program

Individual members of the Executive Board may at the discretion of the Board be offered to participate in a Matching Shares Program. Participating members are restricted to the Corporate Leadership Team including the Executive Board. Participants are offered the opportunity to acquire shares in the Company at their own cost, which after three years of ownership provides the right to receive between 0.5 and 7.5 Matching Shares per investment share, depending on the fulfillment of certain performance criteria. Target value is 5.0 Matching Shares.

Participation in the Matching Shares Program is offered to members of the Executive Board as an element of remuneration in order to ensure that the Executive Board stays focused on value creation and the achievement of the Company's long-term objectives. The entitlement to receive Matching Shares is determined based on the number of Company shares acquired, the participant's continued employment with the Company, and the achievement of targets determined by the Board with respect to the Company's earnings and turnover and share performance consistent with the Company's long-term targets and shareholder interest.

The maximum number of Company shares which the participating member may transfer to a Matching Shares Program will be determined at the discretion of the Board. The fair value at grant cannot exceed 125% of the CEO's annual fixed base salary + pension, and for other members of the Executive Board 90% of the annual fixed base salary + pension.

**TABLE 8: STRUCTURE OF KPIS FOR THE MATCHING SHARES GRANT 2019**

	KPI	Matching Shares <sup>1</sup>
Group financial targets	Organic Growth	0-2.5
	EBIT before special items	0-2.5
	TSR <sup>2</sup> performance vs. peer group	0-2.0
Retention	Ongoing employment	0.5
<b>Total</b>		<b>0.5-7.5</b>

<sup>1</sup> Number of matching shares vs. each investment share

<sup>2</sup> TSR: Total Shareholder Return

<sup>3</sup> Same KPis apply to all Executive Board members

**TABLE 9: PERFORMANCE OF MATCHING SHARES PROGRAMS<sup>3</sup>**

Program	Description of KPI	Total Matching Shares vested
2015	Organic Growth 2015/16 to 2017/18 EBIT 2015/16 to 2017/18 TSR 2015/16 to 2017/18 Retention	100% of max based on fulfilment of KPis Vested in November 2018
2016	Organic Growth 2016/17 to 2018/19 EBIT 2016/17 to 2018/19 TSR 2016/17 to 2018/19 Retention	49% of max based on fulfilment of KPis Vested in Nov 2019
2017	Organic Growth 2017/18 to 2019/20 EBIT 2017/18 to 2019/20 TSR 2017/18 to 2019/20 Retention	15% of max based on fulfilment of KPis Vest in Nov 2020
2018	Organic Growth 2018/19 to 2020/21 EBIT 2018/19 to 2020/21 TSR 2018/19 to 2020/21 Retention	Vest in Oct 2021
2019	Organic Growth 2019/20 to 2021/22 EBIT 2019/20 to 2021/22 TSR 2019/20 to 2021/22 Retention	Vest in Oct 2022

TABLE 10: MAXIMUM MATCHING SHARES PROGRAMS OF THE EXECUTIVE BOARD

Name and position	Program	Grant	Vest	Grant	Dividend Adjustments		Forfeited/ perf.adjusted	Exercised (this year)	Deposit as of Aug. 31, 2020 <sup>1</sup>	Maximum market value Aug. 31, 2020 (tEUR) <sup>2</sup>	Value of exercised Matching Share - this year (tEUR) <sup>3</sup>
					Prev. years	Current Year					
Mauricio Graber, CEO	2017	Jan. 2018	Jan. 2021	14,278	176	171	0	0	14,625	1,363	0
	2018	Oct. 2018	Oct. 2021	10,984	0	137	0	0	11,121	1,037	0
	2019	Oct. 2019	Oct. 2022	15,968	0	0	0	0	15,968	1,488	0
Søren Westh Lonning, CFO	2016	Nov. 2016	Nov. 2019	4,433	127	55	2,349	2,266	0	0	160
	2017	Nov. 2017	Nov. 2020	4,334	55	55	0	0	4,444	414	0
	<sup>4</sup> 2018	Oct. 2018	Oct. 2021	3,999	0	49	0	0	4,048	377	0
	<sup>4</sup> 2019	Oct. 2019	Oct. 2022	5,813	0	0	0	0	5,813	542	0
Thomas Schäfer, CSO	2017	Nov. 2017	Nov. 2020	2,970	44	44	0	0	3,058	285	0
	2018	Oct. 2018	Oct. 2021	2,343	0	33	0	0	2,376	221	0
	2019	Oct. 2019	Oct. 2022	3,570	0	0	0	0	3,570	333	0
<b>Total</b>				<b>68,692</b>	<b>402</b>	<b>544</b>	<b>2,349</b>	<b>2,266</b>	<b>65,023</b>	<b>6,060</b>	<b>160</b>

**Resigned Executive Board members**

Resigned Executive Board members	2016	Nov. 2016	Nov. 2019	20,973	440	120	16,702	4,831	0	0	342
	2017	Nov. 2017	Nov. 2020	13,860	50	0	13,910	0	0	0	0
	2018	Oct. 2018	Oct. 2021	3,526	0	0	3,526	0	0	0	0
<b>Total</b>				<b>38,359</b>	<b>490</b>	<b>120</b>	<b>34,138</b>	<b>4,831</b>	<b>0</b>	<b>4,831</b>	<b>342</b>

<sup>1</sup> Maximum Matching Shares if meeting maximum performance criteria at end of performance period<sup>2</sup> Value of maximum Matching Shares based on average share price in last quarter of 2019/20 €93.20<sup>3</sup> Value of exercised Matching Shares during 2019/20<sup>4</sup> 2018 and 2019 programs will forfeit following his resignation no later than ultimo October 2020

TABLE 11: RSU PROGRAMS OF THE EXECUTIVE BOARD

Name and position	Program <sup>1</sup>	Grant	Final Vesting	Grant	Dividend Adjustment		Forfeited	Exercised		Deposit as of Aug. 31, 2020	Market value Aug. 31, 2020 (tEUR) <sup>2</sup>	Value of exercised RSUs - this year (tEUR) <sup>3</sup>
					Prev. Years	Current Year		Prev. Years	This Year			
Mauricio Graber, CEO	2017/18	Nov. 2018	Nov. 2021	3,149	0	37	0	0	1,061	2,125	198	75
	2018/19	Nov. 2019	Nov. 2021	2,912	0	0	0	0	0	2,912	271	0
Søren Westh Lonning, CFO	2015/16	Nov. 2016	Nov. 2019	1,330	2	5	0	889	448	0	0	32
	2016/17	Nov. 2017	Nov. 2020	1,284	12	10	0	444	434	428	40	31
	<sup>4</sup> 2017/18	Nov. 2018	Nov. 2021	860	13	10	0	13	295	575	54	21
	<sup>4</sup> 2018/19	Nov. 2019	Nov. 2021	1,029	0	0	0	0	0	1,029	96	0
Thomas Schäfer, CSO	2017/18	Nov. 2018	Nov. 2021	454	0	0	0	0	153	301	29	11
	2018/19	Nov. 2019	Nov. 2021	1,639	0	0	0	0	0	1,639	153	0
<b>Total</b>				<b>12,757</b>	<b>27</b>	<b>67</b>	<b>0</b>	<b>1,346</b>	<b>2,391</b>	<b>9,014</b>	<b>841</b>	<b>170</b>
<b>Resigned Executive Board members</b>												
Resigned Executive Board members	2015/16	Nov. 2016	Nov. 2019	6,191	19	10	1,152	4,152	916	0	0	65
	2016/17	Nov. 2017	Nov. 2020	4,658	145	13	2,721	1,729	366	0	0	26
	2017/18	Nov. 2018	Nov. 2021	811	76	11	537	86	275	0	0	20
<b>Total</b>				<b>11,660</b>	<b>240</b>	<b>34</b>	<b>4,410</b>	<b>5,967</b>	<b>1,557</b>	<b>0</b>	<b>0</b>	<b>111</b>

<sup>1</sup> Earned RSUs from STI 2019/2020 not included, to be granted in November 2020

<sup>2</sup> Value of RSUs based on average share price in last quarter of 2019/20 €93.20

<sup>3</sup> Value of exercised RSUs during 2019/20

<sup>4</sup> Following the resignation no later than ultimo October 2020, the 2017/18 program will forfeit fully and the 2018/19 program will forfeit partly

4.10 Executive Board Shareholdings

TABLE 12: EXECUTIVE BOARD MEMBER SHAREHOLDINGS

Name	Beginning of year	Bought during the year	Sold during the year	End of year
Mauricio Graber	17,500	4,561	0	22,061
Søren Westh Lonning	4,576	3,443	4,000	4,019
Thomas Schäfer	2,262	153	0	2,415



## 5 Remuneration Comparison Five Years

### BOARD OF DIRECTORS TOTAL FEE (tEUR)

	2019/20	2018/19	2017/18	2016/17	2015/16
Dominique Reiniche	250 +15%	217 +36%	160 +0%	160 +14%	140
Jesper Brandgaard,	144 +13%	127 +112%	60		
Luis Cantarell	93 +6%	88 -2%	90 +29%	70	
Lisbeth Grubov	54 -5%	57 +43%	40		
Charlotte Hemmingsen	54 +0%	54 +35%	40		
Heidi Kleinbach-Sauter	94 +8%	87 +45%	60		
Niels Peder Nielsen	74 +35%	55			
Per Poulsen	54 +0%	54 -10%	60 +20%	50 0%	50
Kim Ib Sørensen	54 -5%	57 +43%	40		
Kristian Villumsen	76 -16%	91 +1%	90 +29%	70 0%	70
Mark Wilson	129 +0%	129 -1%	130 +8%	120 0%	120

### BOARD OF DIRECTORS TOTAL FEE (tEUR)

	2019/20	2018/19	2017/18	2016/17	2015/16
Ole Andersen		58 -76%	240 4%	230 15%	200
Mads Bennedsen				20 -60%	50
Søren Carlsen				20 -75%	80
Svend Laulund			10 -80%	50 0%	50
Tina Mattila-Sandholm			20 -71%	70 0%	70
Frédéric Stévenin			20 -78%	90 0%	90
<b>Total</b>	<b>1,076</b> <b>+0.2%</b>	<b>1,074</b> <b>+1.3%</b>	<b>1,060</b> <b>+11.6%</b>	<b>950</b> <b>+3.3%</b>	<b>920</b>

<sup>1</sup> 2019/20 Financial year covers 3 of 4 quarters of the 2019/20 AGM cycle and 1 quarter of 2018/19 AGM cycle

## 5 Remuneration Comparison Five Years

### EXECUTIVE BOARD FIXED SALARY (tEUR)

	2019/20	2018/19	2017/18	2016/17	2015/16
Mauricio Graber, CEO <sup>1</sup>	1,163 +2%	1,144 300%/+0% <sup>2</sup>	286 <sup>1</sup>		
Søren Westh Lonning, CFO	559 +5%	531 +20%	444 +15%	386 7%	360
Thomas Schäfer, CSO <sup>3</sup>	340 +6% <sup>2</sup>	321 23%/+2% <sup>2</sup>	262		
Christoffer Lorenzen, EVP <sup>4</sup>		404 70%/+8% <sup>2</sup>	238		
Cees de Jong, CEO <sup>5</sup>			724 -23%/+3% <sup>2</sup>	937 +5%	890
Knud Vindfeldt <sup>6</sup>				271 -50%/+0% <sup>2</sup>	540
<b>Total</b>	<b>2,062</b> <b>-14.1%</b>	<b>2,400</b> <b>+22.8%</b>	<b>1,954</b> <b>+22.6%</b>	<b>1,594</b> <b>-10.9%</b>	<b>1,790</b>

### EXECUTIVE BOARD TOTAL REMUNERATION (tEUR)

	2019/20	2018/19	2017/18	2016/17	2015/16
Mauricio Graber, CEO <sup>1</sup>	3,369 <sup>7</sup> +9%	3,101 <sup>7</sup> 75%	1,775 <sup>1</sup>		
Søren Westh Lonning, CFO	1,123 +16%	966 +11%	867 +9%	795 +99%	400
Thomas Schäfer, CSO <sup>3</sup>	745 +17%	636 18%	539		
Christoffer Lorenzen, EVP <sup>4</sup>		756 17%/	645		
Cees de Jong, CEO <sup>5</sup>			1,636 -20%	2,055 -2%	2,100
Knud Vindfeldt <sup>6</sup>				753 -39%	1,240
<b>Total</b>	<b>5,237</b> <b>-4.1%</b>	<b>5,459</b> <b>-0.1%</b>	<b>5,462</b> <b>+51.6%</b>	<b>3,603</b> <b>-3,7%</b>	<b>3,740</b>

<sup>1</sup> Mauricio Graber joined June 1, 2018

<sup>2</sup> Based on annualized values

<sup>3</sup> Thomas Schäfer joined November 1, 2017

<sup>4</sup> Christoffer Lorenzen joined the executive Board February 1, 2018 and resigned on June 30, 2019

<sup>5</sup> Cees de Jong resigned from the Executive Board on May 31, 2018.

<sup>6</sup> Knud Vindfeldt resigned from the Executive Board on February 28, 2017

<sup>7</sup> Including Sign-on Bonus

## 5 Remuneration Comparison Five Years

### FINANCIAL MEASURES CHR. HANSEN GROUP (EUR)

	2019/20 <sup>1</sup>	2018/19 <sup>1</sup>	2017/18	2016/17	2015/16
Revenue	1,189m	1,161m	1,097m	1,063m	949m
Organic Growth	5%	7%	9%	10%	12%
EBIT b.s.i. <sup>2</sup>	355.5m	343.2m	320.2m	307.1m	267.8m
EBIT Margin	29.9%	29.6%	29.2%	28.9%	28.2%
Free Cash Flow b.a.s.i. <sup>3</sup>	245m	229m	196m	188m	0.4m
FTE's in Group	3,600	3,420	3,151	2,940	2,708
Average Pay for company employees <sup>4</sup>	85,000 +1%	84,000 +0%	84,000 +12%	75,000 -1%	76,000
CEO Pay-ratio <sup>5</sup>	1:40	1:37	1:41 <sup>6</sup>	1:24	1:28

### FINANCIAL MEASURES CHR. HANSEN HOLDING (EUR)

	2019/20	2018/19	2017/18	2016/17	2015/16
Revenue	0m 0%	0m 0%	0m 0%	0m 0%	0m
Profit for the year	201.7 +10%	182.6m +40%	130.8m -3%	134.6m +13%	119.5m
FTE's in Holding	68	67	56	50	49
Average Pay for company employees <sup>7</sup>	208,000 <sup>6</sup> -4%	216,000 -16%	256,000 -10%	285,000 -1%	289,000

<sup>1</sup> The Table include both Continued and Discontinued buisness to reflect the responsibility and performance of The Board of Directors and the Executive Board

<sup>2</sup> b.s.i = before special items

<sup>3</sup> b.a.s.i = before acquisitions and special items

<sup>4</sup> Average pay excluding Board and Executive Board

<sup>5</sup> Total remuneration for CEO divided by average pay for company employees

<sup>6</sup> Aggregate of Mauricio Graber and Cees de Jong

<sup>7</sup> The decrease in average pay is driven from a higher ratio of specialist vs. higher level managers beeing employeed in Chr. Hansen Holding

## 6 Compliance with Remuneration Policy

The remuneration of members of the Board and Executive Board for the 2019/20 financial year is consistent with the scope of the Remuneration Policy. There has been no deviation or derogation from the framework provided by the Remuneration Policy.



## 7 Independent Auditor's Statement on the Remuneration Report

### To the Shareholders of Chr. Hansen Holding A/S

According to section 139 b of the Danish Companies Act, Management is responsible for preparing a remuneration report in accordance with the remuneration policy adopted at the General Meeting.

Our opinion on the audit of the Consolidated Financial Statements and the Parent Company Financial Statements does not include the remuneration report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements for September 1, 2019 to August 31, 2020, it is, however, our responsibility pursuant to section 147 of the Danish Companies Act to verify that all disclosures required under section 139 b(3) of the Danish Companies Act are included in the Company's remuneration report for September 1, 2019 to August 31, 2020.

We found no reason to point out any omissions with respect to the disclosures included in the remuneration report.

Hellerup, October 8, 2020

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR No 3377 1231

**Kim Tromholt**  
State Authorised Public Accountant  
Mne33251

**Allan Knudsen**  
State Authorised Public Accountant  
Mne29465

## 8 The Board of Director's Statement on the Report

The Board of Directors has today considered and adopted the Remuneration Report of Chr. Hansen Holding A/S for the financial year September 1, 2019 - August 31, 2020.

The report has been prepared in accordance with section 139 b of the Danish Companies Act (in Danish: 'Selskabsloven').

The Remuneration Report will be presented to the Annual General Meeting 2020 for an indicative vote.

Hørsholm, October 8, 2020

### Board of Directors

Dominique Reiniche  
Chair

Jesper Brandgaard  
Vice Chair

Luis Cantarell

Lisbeth Grubov

Charlotte Hemmingsen

Heidi Kleinbach-Sauter

Niels Peder Nielsen

Per Poulsen

Kim Ib Sørensen

Kristian Villumsen

Mark Wilson

## Delivering value for more than 145 years

Chr. Hansen has been fermenting lactic acid bacteria for more than a century, and working with clinically documented probiotics for more than 25 years.

We serve customers worldwide with expertise, new ideas, professional support and customized solutions – all aimed at ensuring superior product portfolios and business success in probiotics.

Chr. Hansen Holding A/S  
Bøge Allé 10-12, 2970 Hørsholm, Denmark  
Phone: +45 4574 7474

## Find and follow

 [www.youtube.com/user/dkchrhansen](http://www.youtube.com/user/dkchrhansen)

 [www.linkedin.com/company/chr-hansen-as](http://www.linkedin.com/company/chr-hansen-as)

 [www.twitter.com/chr\\_hansen](http://www.twitter.com/chr_hansen)

 [www.facebook.com/chr.hansen.group](http://www.facebook.com/chr.hansen.group)

 [www.instagram.com/chr.hansen](http://www.instagram.com/chr.hansen)

 [www.chr-hansen.com](http://www.chr-hansen.com)

**CHR HANSEN**

*Improving food & health*