

## **Minutes of the Annual General Meeting held on Thursday, November 29, 2018**

On Thursday, November 29, 2018, at 4.00 p.m. CET, the Annual General Meeting was held in Chr. Hansen Holding A/S, CVR no. 28 31 86 77, at the Company's premises, Bøge Allé 10-12, 2970 Hørsholm, Denmark.

The agenda of the Annual General Meeting included the following items:

1. Report on the Company's activities
2. Approval of the 2017/18 Annual Report
3. Resolution on the appropriation of profit
4. Resolution on remuneration of members of the Board of Directors
5. Proposals from the Board of Directors:
  - 5a. Proposed amendment to the Articles of Association; company announcements in English
6. Election of members to the Board of Directors
  - 6a. Election of a Chairman of the Board of Directors
  - 6b. Election of other members to the Board of Directors
7. Election of a Company auditor
  - 7a. Re-election of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
8. Authorization of the Chairman of the Annual General Meeting

The Chairman of the Board of Directors, Ole Andersen, welcomed the shareholders and announced that the Board of Directors, in accordance with Article 6.11 of the Articles of Association, had appointed Niels Heering, attorney-at-law, as Chairman of the Annual General Meeting.

The Chairman of the meeting thanked the Board of Directors for the appointment and ascertained that the Annual General Meeting had been legally convened and was able to transact business on the agenda.

The Chairman of the meeting proceeded to the agenda and informed the General Meeting that all proposals on the agenda could be adopted by a simple majority of votes. Further to this, it was noted that the Annual General Meeting would be transmitted live via webcast on the Company's website.

At the Annual General Meeting, a total nominal value of DKK 84,810,883 shares were represented, corresponding to 64.3 % of the Company's voting share capital.

As done in previous years, the Chairman of the meeting recommended that items 1–3 on the agenda be treated as one item. As there were no comments to this proposal, the Chairman of the meeting

gave the floor to Ole Andersen, Chairman of the Board of Directors, for the presentation of the Board of Directors' report, the 2017/2018 Annual Report and the proposal for dividend, and subsequently to Mauricio Graber, the Company's CEO.

### **Re item 1-3 on the agenda**

The Chairman of the Board of Directors, Ole Andersen, presented the Board of Directors' report as well as the report on the financial year 2017/2018. As such, it had been another satisfactory financial year for Chr. Hansen, reaching the financial targets set at the beginning of the year. In spite of significant currency headwinds impacting both revenue and earnings as well as investments in R&D and capacity expansions, the Company had achieved an organic growth of 9 %, which was significantly higher than the general growth rate in the food ingredient market. The Company's share price had performed equally well and outperformed the Danish C25 index for the year.

The Chairman proceeded to outline the result of the annual review of the Company's strategy. Nature's no. 1 remained the strategic framework for further developing Chr. Hansen and the new addition, Sustainably, refers to the sustainability of the strategy and business model, as well as to the contribution the Company's products make in addressing global challenges in food, health and productivity. The Chairman stressed that the Company's underlying strategy remained unchanged: to leverage the full potential of Food Cultures & Enzymes, develop the microbial platform in Health & Nutrition, and ensure further value creation in Natural Colors.

The Chairman also reviewed the Company's three main business areas and the need to drive penetration of innovation as a critical part of ensuring organic growth at a high level, staying ahead of competition and launching new technologies and products. Clear examples were the two "light-houses": Bioprotection and Plant Health, and the ambition to grow these to sales of EUR 200 million and EUR 100 million, respectively, by 2025. The Company continued to focus on growth markets, thereby not only focusing on geographical markets but also the need to strengthen the Company's position across growth markets and across the business. The Chairman underlined that this meant continuous optimization efforts and scalability projects to either drive higher earnings or more investments into future growth opportunities, as seen with the most recent expansion of the Company's fermentation capacity in Copenhagen, which was expected to provide scalability benefits.

Firstly, the Chairman outlined the growth in Food Cultures & Enzymes, which again realized strong organic growth of 12 %, whilst the Company launched the second generation of bioprotective cultures tailored to countries with warm climates and less developed cooling infrastructure. The inaugurated the new fermentation capacity in Copenhagen would also serve as a base for further volume growth in the business over the next five years. The Chairman went on to discuss the development in Health & Nutrition, which saw organic growth of 8 % as well as Plant Health, which also grew strongly, driven by fast-growing sales in Brazil from the newly launched bionematicides, Quartz® and Presence®. In the past year, the Company had also announced a partnership with Prota Thera-

apeutics to study the potential for treating peanut allergy as well as published the results of an internal study showing how carefully selected bacteria stems may reduce side effects from ordinary painkillers, such as Aspirin.

Secondly, the Chairman addressed Natural Colors, which grew by 5 % organically, whilst two new products were launched in the FruitMax® range to support the continued conversion from synthetic to natural colors. The ambition was for Natural Colors to outgrow the market and improve profitability.

Following this, the Chairman noted that risk management was an integral part of doing business at Chr. Hansen with an objective of achieving the strategy objectives for Natures no. 1, while managing risks appropriately. This resulted in a structured and well-managed approach to identifying and mitigating risks, whilst identifying the key risks to areas such as production and products, technology and Intellectual property, as well as a range of risks related to customers, partners and the markets in which the Company operates. The main developments for 2017/2018 had been a reduced risk in production; an increased risk for cybercrime, mitigated by adding more resources for cyber security; an increased risk for political instability in certain emerging markets, and trade tensions between large economies.

Subsequently, the Chairman presented the results of the annual survey of employee engagement, which showed an increasing engagement level among the Company's employees. During the year, the Company had also strengthened its efforts in employee training and talent management through the Core Scientists program in R&D, whilst launching its first global leadership development program to supports the overall focus on strengthening the internal succession planning for employees. The Chairman further noted, that the Board was pleased to see a falling number of accidents in the workplace in recent years, bringing the Company closer to its long-term ambition for 2022 of not exceeding 1.8 accidents per million working hours. The Company's new culture model aimed at creating a common understanding and advancement of the key pillars of Chr. Hansen's culture, with the objective of promoting and safeguarding a culture where everyone worked for a better world and at the same time delivered results – and that all might act with freedom in the execution of their jobs, and at the same time rely on their colleagues.

The Chairman outlined the Board of Director's wish to ensure diversity at all levels, including members of the Board, where the number of women elected by shareholders would remain at two, if elected by the General Meeting. At present, the composition in terms of business experience and competencies, age, gender and international experience provided the necessary diversity to ensure effective board work. The Board of Directors would continue to work towards the target of at least three women on the Board of Directors elected by shareholders by the end of 2021/22. As done previous years, the result of the annual evaluation process of the Board of Directors had been carried out by an external consultant and had provided a picture of a highly efficient and well-functioning Board of Directors. Almost all areas for improvement identified in last year's assessment had been complied with, whilst identifying minor areas for improvements to be considered.

Also, the Company was fully compliant with the Danish Recommendations on Corporate Governance, except one recommendation regarding the retirement age for members of the Board of Direc-

tors. However, this recommendation was not included in the update of the Danish Recommendations on Corporate Governance, why the Company had merely pre-implemented the recommendation in question.

The Chairman went on to address the remuneration of the Executive Board and Board of Directors, which aimed at ensuring that the Company could continue to attract and retain highly qualified Executive Board members and align the interests of the Executive Board and shareholders in promoting value creation in order to support the Group's short- and long-term ambitions. The Executive Board's remuneration was approved by the Board of Directors in accordance with the Remuneration Policy, as approved by the Annual General Meeting on November 28, 2017, and the Overall Guidelines for Incentive-Based Remuneration, as approved by the Annual General Meeting on November 26, 2015 and comprises a base salary, pension, as well as short- and long-term incentive programs.

The Chairman then turned to address the Company's revenue for the financial year 2017/2018, which increased by 3 % to EUR 1,097 million. Overall, the EMEA region accounted for 45 % of total revenue, whilst North America represented 26 % of revenue, each delivering 8 % and 3 % organic growth, respectively. The Asia-Pacific region represented 17 % of total revenue and reported organic growth of 16 %, whilst Latin America accounted for 12 % of revenue and organic growth of 19 %. Food Cultures & Enzymes grew by 12 %, Health & Nutrition experienced organic growth of 8 %, and Natural Colors delivered organic growth of 5 %. Overall, the net profit came in at EUR 228 million, a similar level compared to last year, due to negative currency impacts. As a result, the Company was able to distribute an extraordinary dividend of DKK 5.94 per share in July 2018 as well as a proposal to distribute an ordinary dividend of DKK 853 million, or DKK 6.47 per share, corresponding to 50% of profit for the year.

Lastly, the Chairman turned towards the outlook for the coming year, where organic growth was expected around 9-11 % whilst increased investments into the Company's lighthouse projects and other strategic priorities was expected to partly offset the positive impact on the margin. The Chairman highlighted that the leadership's focus would continue to be executing Nature's no. 1's Sustainability strategy. Meanwhile in Food Cultures & Enzymes, the Company would continue to drive penetration of bioprotective solutions across several food applications and broadening the product solutions to customers. In Health & Nutrition, the focus was on launching new products in Human Health, and on strengthening the Company's route-to market in Animal Health, whilst expanding the use of Quartzo® and Presence® in Plant Health and move closer to being able to market these products in the United States. In the Human Microbiome, the Company would continue to advance the pipeline. In Natural Colors, the focus would be on accelerating organic growth while maintaining healthy profitability and driving the conversion from synthetic colors to natural alternatives across all regions and increasing sales of FruitMax® products.

The Chairman went on to discuss the Company's accession to the United Nations 17 Sustainable Development Goals of which the Company had chosen to adopt three ambitious targets in 2015/16.

With that, the Chairman concluded the report on the Company's activities and financial results, and the resolution on the appropriation of profits.

The Company's CEO, Mauricio Gruber, proceeded to introduce himself and the main conclusions of his first 180 days with the Company.

The Chairman of the meeting enquired whether there were any comments to the proposals made under items 1-3 of the agenda.

Per Jørgensen, Investering & Tryghed, noted that as a long-term shareholder in the Company, Chr. Hansen had undecidedly been an outstanding investment by maintaining the right focus and being consistent in its execution. This was further supported by the Company's capital markets day in London, which left investors with a clear message as to continued strong growth and considerable market strategies. The Company's long-term outlook and ability to ensure that both earnings and margins went up became apparent when the Company paid out extraordinary dividends earlier in the year. Furthermore, the Company's focus on core activities within dairy led Mr. Jørgensen to ask whether an advancement in non-dairy activities could be expected, and if it was possible to comment on the competitive setting in the Company's natural solution lighthouse projects. Lastly, Mr. Jørgensen wished to enquire whether the Company had what was required to compete in this setting.

Flemming Kjærulf, Danish Shareholders' Association, started out by thanking the Chairman of the Board and the Company's CEO for an informative presentation and a good annual report. Mr. Kjærulf proceeded to comment on the need to have certain information published in Danish for the Company's retail investors. This was particularly the case with Danish company announcements. The Chairman of the Board had previously promised to consider giving Danish shareholders more information in Danish, and Mr. Kjærulf wished to know why the Company had chosen not to do so.

Mr. Kjærulf also congratulated the Company on the good results, especially in light of the currency fluctuations, but found earnings in Natural Colors to have come to a standstill. In this respect, Mr. Kjærulf wished to know how the Company viewed the opportunities to increase earnings in Natural Colors, in the long term. Also, Mr. Kjærulf wished to understand whether the priority of 'earnings before growth' outlined in the 2016 management commentary had been abandoned. Following this, Mr. Kjærulf noted that the update of the Company's strategy gave way for clear communication of the Company's directions and expressed particular satisfaction with the choice to adopt three of the United Nation's Sustainable Development Goals. However, one of the Company's risk factors had been employee satisfaction, why Mr. Kjærulf wished to understand what was meant by this risk having increased and where such risk existed, as set out in the Company's Annual Report. Finally, Mr. Kjærulf kindly asked for the proposed new candidate for the Board of Directors, Mr. Niels Peder Nielsen, to present himself to the General Meeting. As a concluding remark, Mr. Kjærulf and the Danish Shareholders' Association wished to thank the Chairman of the Board, Ole Andersen, for the impressive results delivered during his chairmanship and for the Chairman's efforts and hard work throughout the past nine years.

The Chairman of the meeting gave the floor to the Chairman of the Board of Directors, Ole Andersen, and subsequently to the CEO, Mauricio Gruber, to reply to the questions posed by Mr. Jørgensen and Mr. Kjærulf.

The Chairman of the Board of Directors thanked both shareholders for their questions and turned to the question regarding publishing the Company's quarterly reports in Danish. Chr. Hansen had

in recent years prioritized more detailed reporting in areas such as sustainability, which – in the opinion of the Board of Directors – was the best way to generate value for shareholders. He would however promise that going forward quarterly reports would be translated into Danish in full.

The Chairman of the Board then addressed the question regarding Natural Colors, where the EBIT margin had increased by removing products with lower margins from the portfolio. The focus of the business was now a question of balancing sales growth and revenue in order to deliver ‘profitable growth’. The Chairman also noted, that the EBIT margin in Natural Colors was structurally lower than in the Company’s other two business segments and was doing well in terms of the return on investment. He also addressed the engagement among employees as set out in the risk management report in the Annual Report. This included a determination of the most recent progress and whether risks had increased or been reduced. Employee engagement in particular related to the section on human capital where the Company had seen an improvement but the risk within human capital had slightly increased. The latter was in part due to the number of new employees being onboarded. This had led the Company to measure employee engagement, rather than employee satisfaction, as many other factors played part in determining employee satisfaction.

The CEO, Mauricio Gruber, noted that the Company continued to have its core business in dairy. As such, dairy had historically been a relevant strategy mainly in European and North American markets but had in recent years expanded to the Middle East and Asia. The Company intended to grow its core business in food cultures and enzymes, whilst being able to sell more solutions in dairy by adding probiotics and bioprotection. The ability to continue to grow its core business was part of what helped make Chr. Hansen so unique. However, the Company was conscious of the growing non-dairy segment and looked for new opportunities in this respect. In Health & Nutrition, it was clear that Chr. Hansen was a smaller player, but that the Company brought along its unique ability regarding innovation and solutions to the human microbiome, and to reduce the use of antibiotics in farming pesticides in biosolutions, which was very profitable.

The Chairman of the meeting gave the floor to Bjørn Hansen, who thanked the Chairman of the Board for his excellent information on the Company in Danish. Mr. Hansen stressed that Chr. Hansen remained a Danish company and as such hoped to receive quarterly reports and other information in Danish, and was delighted to see that today’s flyers were in Danish. Mr. Hansen commented on the remuneration to the Executive Board, and further suggested that the disclosure in the Annual Report regarding the larger markets would be split up as to allow readers to differentiate between countries, when looking at sales and results. Furthermore, Mr. Hansen commented on the potential for employing yoghurt bacteria in the African continent and expanding the strategy in China, where infant formula was generally highly priced. Mr. Hansen also suggested that use of Natural Colors in non-food segments, such as nylon for clothing, be explored. Lastly, Mr. Hansen thanked the Chairman of the Board, Ole Andersen, for all his good years with the Company and the progress made, which was rarely seen in Denmark. This was due to the Chairman’s leadership and ability to produce results, which was greatly appreciated.

The Chairman of the meeting gave the floor to the Chairman of the Board, Ole Andersen, who noted that going forward the Company would publish a remuneration report to support the information already provided in the Company’s Annual Report. However, it was not the intention to publish the Annual Report in Danish, but the Chairman restated the promise that the Company in the future

would have quarterly reports translated to Danish as well. He further noted that Chr. Hansen remained committed to serving its Danish shareholders, whilst maintaining a diverse corporate culture, including four non-Danish Board members and a non-Danish CEO.

The Chairman of the meeting asked if there were any further questions in relation to the report on the year.

Jens Frederik Demant asked about the Company's choice of capital structure, given the proposal to pay out dividends. Mr. Demant wished to understand when the Company's current debts would be repaid, if the current dividend policy were amended to only pay out half the amount of dividends and instead repay the Company's debt.

The Chairman of the Board noted that the Company's current debt level was as a solid investment grade, maintained through a conservative capital structure with lower gearing. If the Company were to refrain from paying out dividends, it would be debt free within four years. The Board of Directors however believed that the best capital structure included a certain level of debt.

The Chairman of the meeting proceeded to the formal adoption of the proposals under items 1-3 of the agenda and concluded that the Board of Directors' report on the Company's activities had been noted, and that the 2017/2018 Annual Report and the resolution on appropriation of profit had been approved.

#### **Re item 4 on the agenda**

The Chairman of the meeting informed the General Meeting that the Board of Directors had proposed the following remuneration of the members of the Board of Directors for the financial year 2018/19:

Members of the Board of Directors:	Base fee of DKK 400,000
The Chairman of the Board of Directors:	DKK 1,200,000 (corresponding to 3 x the base fee)
Vice Chairman of the Board of Directors:	DKK 800,000 (corresponding to 2 x the base fee)

The Board of Directors has set up an Audit Committee, a Nomination Committee, a Remuneration Committee and a Scientific Committee. Members of the Company's committees receive the following supplementary fees for the 2018/19 financial year:

Chairman of the Audit Committee:	DKK 300,000 (previously DKK 250,000)
Chairman of the Remuneration and Scientific Committees:	DKK 250,000 per committee (unchanged)
Chairman of the Nomination Committee:	DKK 200,000 (previously DKK 150,000)

Members of the Audit and Scientific Committees: DKK 150,000 per committee  
(unchanged)

Members of the Nomination and  
Remuneration Committees: DKK 125,000 per committee  
(unchanged)

In addition, members of the Board of Directors may receive a fixed amount of EUR 3,000 in connection with overseas travels.

There were no objections or comments to this proposal. The Chairman of the meeting then concluded that the proposal for remuneration had been adopted.

**Re item 5 on the agenda**

**5a: Proposed amendment to the Articles of Association; company announcements in English**

The Chairman of the meeting noted that, the Board of Directors had proposed that company announcements be published in English with the discretion to the Board of Directors to also publish Danish translations thereof.

A new Article 11.2. was proposed to be included in the Company's Articles of Association:

*"Company announcements may be prepared in English only, if decided by the Board of Directors."*

For practical purposes, this included inserting a new section 11 in the Articles of Association and rearranging the current Article 9.5. as a new Article 11.1.

The Chairman of the meeting opened up for questions and gave the floor to Jørn Andersen, who proposed to amend the wording in the new Article 11.2. as to ensure that company announcements should be published in Danish with optional English translations thereof.

The floor was given to Jens Frederik Demant, who agreed with Mr. Andersen's proposal and wished to encourage other shareholders to vote against the proposal by the Board of Directors.

The Chairman of the meeting noted that the Board of Directors could not support the amendment to the proposal, as the Board of Directors' proposal had been approved by a total of 84,810,543 votes in favour, and noted, with the acceptance of all present, that the proposal was approved with the required majority, but not unanimously.

**Re item 6 on the agenda**

**6a: Election of a Chairman of the Board of Directors**

The Chairman of the meeting noted, that the Board of Directors had proposed that Dominique Reiniche to be elected Chairman of the Board of Directors.

The Chairman of the meeting referred to Annex 1 to the convening notice for further information on Dominique Reiniche's background and positions held.

The Chairman of the Board of Directors, Ole Andersen, took the floor and motivated the proposal before the candidate introduced herself.

The Chairman of the meeting then passed the floor to Per Jørgensen, Investering & Tryghed, who wished to thank Ole Andersen for his incredible work with Chr. Hansen, especially in the years following the Company's initial public offering and noted that Ole Andersen had ensured smooth leadership changes and impressive results, and Mr. Jørgensen was sorry to hear of the decision to 're-tire', as the Company was in great shape.

The Chairman of the meeting, noted that there were no objections or further comments to the proposal and concluded that the General Meeting had elected Dominique Reiniche as Chairman of the Board of Directors.

#### **6b: Election of other members of the Board of Directors**

The Chairman of the meeting informed the General Meeting that the Board of Directors had proposed to re-elect the following board members for one-year term: Jesper Brandgaard, Luis Cantarell, Heidi Kleinbach-Sauter, Kristian Villumsen and Mark Wilson.

The Board of Directors had furthermore proposed election for a one-year term of Niels Peder Nielsen as new member to the Board of Directors. The Chairman of the Annual General Meeting gave the floor to the Chairman of the Board of Directors Ole Andersen to motivate the election.

The Chairman of the meeting referred to Annex 1 to the convening notice for further information on the background of and other managerial positions held by the candidates.

As there were no objections or comments to the proposal, the Chairman of the meeting concluded that Jesper Brandgaard, Luis Cantarell, Heidi Kleinbach-Sauter, Kristian Villumsen, Mark Wilson were reelected and Niels Peder Nielsen was elected as a new member of the Board of Directors.

#### **Re item 7 on the agenda**

The Chairman of the meeting noted that the Board of Directors had proposed to re-appoint PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab as the Company's auditor.

The Chairman of the meeting mentioned in this respect that the convening notice stated that the Audit Committee recommended the re-election of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab.

The proposal was adopted.

#### **Re item 8 on the agenda**

The Chairman of the meeting informed that the Board of Directors had proposed that the Chairman of the meeting be authorized to notify the Danish Business Authority of the resolutions adopted and to make any such changes and additions to the documents submitted as would be required by the Danish Business Authority.

There were no objections or comments to this proposal, which was subsequently adopted.

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Lastly, as the formal part of the agenda had been concluded, the great-grandchild of the Company's founder, Mr. Jens Christian Uldahl, wished to thank the Board of Directors for enabling a recording of a series of classical music composed by Christian D.A. Hansen's daughter, Nancy Dalberg, which had been played prior to the opening of the Annual General Meeting.

As there were no further comments or queries, the Chairman of the meeting gave the floor to Ole Andersen.

The Chairman of the Board of Directors, Ole Andersen, thanked the shareholders for their attendance and good dialogue and the Chairman of the meeting for able leadership of the General Meeting.

The Annual General Meeting adjourned at 18.01 p.m. CET.

As Chairman of the Annual General Meeting:

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Niels Heering