

**Minutes of the Annual General Meeting held on Thursday, 27 November 2014**

On Thursday, 27 November 2014 at 4:00 pm CET, the Annual General Meeting of Chr. Hansen Holding A/S, CVR no. 28 31 86 77, was held at the Company's premises at Bøge Allé 10-12, 2970 Hørsholm, Denmark.

The agenda of the General Meeting was as follows:

1. Report on the Company's activities
2. Preparation and presentation of the Annual Report in English
3. Approval of the 2013/2014 Annual Report
4. Resolution on the appropriation of profit or covering of loss
5. Decision on remuneration of members of the Board of Directors
6. Proposals from the Board of Directors
  - 6a Reduction of the Company's share capital by canceling treasury shares
  - 6b Amendment of the Company's "Overall guidelines for incentive-based remuneration for Chr. Hansen Holding A/S' management"
7. Election of members of the Board of Directors
  - 7a Election of Chairman of the Board of Directors
  - 7b Election of other members of the Board of Directors
8. Election of Company auditor
9. Authority of the Chairman of the Annual General Meeting

Ole Andersen, Chairman of the Board of Directors, welcomed the shareholders and announced that the Board of Directors according to article 6.11 of the articles of association had appointed Niels Heering, attorney-at-law, as Chairman of the General Meeting.

The Chairman of the General Meeting thanked the Board of Directors for the appointment and ascertained that the General Meeting had been legally convened and formed a quorum with regard to the items on the agenda.

The Chairman of the General Meeting went through the agenda and informed that the proposal under item 6a of the agenda required the approval of at least 2/3 of the votes cast and of at least 2/3 of the voting share capital represented at the General Meeting. All other proposals could be adopted by a simple majority of votes.

At the General Meeting, nominally DKK 843,033,590 shares were represented, corresponding to 64.32 % of the Company's voting share capital.

The Chairman of the General Meeting recommended that items 1-4 be treated under one item. As there were no comments to this proposal, the Chairman of the General Meeting gave the word to Ole Andersen, Chairman of the Board of Directors, for presentation of the Board of Directors' report, and subsequently to Cees de Jong, CEO.

#### **Re items 1-4 of the agenda**

Ole Andersen, Chairman of the Board of Directors, presented the Board of Directors' report on the Company's activities during the past financial year. The Chairman reported that the 2013/2014 result emphasized the Company's sturdy business model with strong market positions in a number of niche markets for specialized ingredients aimed at the food and dietary supplements industry, the pharmaceutical industry and agriculture. The Company's new strategy, Nature's No. 1, had been launched in September 2013.

The Chairman also reported on the Cultures & Enzymes division which constitutes 61 % of the total sales and which during several years had generated steady growth in turnover and profitability. The Chairman mentioned on that note that the Company's new fermentation facility at the factory in Avedøre had opened in the beginning of July 2014.

The Chairman further reported that the Company had initiated a cooperation with the American FMC Corporation on development and marketing of new biological products within plant protection. The Company had now launched one such product to support sugarcane growth. The Chairman informed that there were vast possibilities within this area, but that it would take time to establish a broader product portfolio, and the Company was therefore not expecting significant sales within this area until around the financial year 2017/18. Furthermore, Chr. Hansen had launched a number of initiatives within the human microbiom field.

The Chairman went on to account for the development in the Natural Colors division that had been affected by a certain slowdown in the transition from synthetic to artificial colors within the food and drinks industry. However, the Company was still convinced that there was a great growth potential. For instance, a dedicated sales and application organization had been established within the division as well as a new competence center in Shanghai.

The Chairman reported that innovation was one of the Company's cornerstones, and that the innovation organization had been strengthened during the year. Furthermore, the Company had changed its marketing strategy in order for the Company's most important customers not to be serviced through distributors in the future, which had generated a need to strengthen the organization in e.g. China.

The Chairman noted that the Company would continue to focus on optimizing business processes, the organization and the production platform. In this context, the management structure had been simplified, and it had been decided to close down a number of small production facilities.

The Chairman also reported on the Company's focus on health and safety at work and mentioned that the Company in the 2013/2014 financial year had observed all recommendations on corporate governance.

The Chairman thanked the resigning member of the Board of Directors, Henrik Poulsen, for his contribution to the Board of Directors' work and briefly introduced the candidates nominated for election to the Board of Directors, Tiina Mattila-Sandholm and Kristian Villumsen. The Chairman added that if Tiina Mattila-Sandholm was elected, the Company's diversity targets would be met.

The Chairman also accounted for remuneration to the members of the Executive Board.

The Chairman then reviewed the Company's Annual Report for 2013/2014. Turnover went up by 2 % to EUR 756 million, and organic growth reached 8 %. The growth was primarily obtained within Cultures & Enzymes and Health & Nutrition. For the Group as a whole, operating profits went up by 6 % and constituted EUR 205 million compared to EUR 193 million in the previous year. Operating profits accounted for 25.8 % of the turnover against 26.1 % in the previous year. Net profit after tax for the year constituted EUR 132 million against EUR 140 million in the previous year. An organic sales growth of 7-9 % was expected for the 2014/2015 financial year.

Finally, the Chairman presented the Board of Directors' proposal for the appropriation of profit by distribution of dividends of DKK 3.77 per share corresponding to a total of DKK 492.6 million or 50 % of the annual result for the Chr. Hansen Group.

The Chairman then gave the word to CEO Cees de Jong, who explained how Chr. Hansen during the last 140 years had built up strategic advantages through establishment of a high-tech production platform.

The Chairman of the General Meeting noted that the Board of Directors had proposed that the Company's Annual Report as from the 2013/2014 financial year be prepared and presented in English. The proposal was based on the Company's international profile, where more than 98 % of the turnover and more than 80 % of the free flow of the Company's shares was outside of Denmark, and where the corporate language is English.

The Company would continue to prepare a summary of the Annual Report in Danish.

Adoption of the proposal would result in the following amendment to article 13 of the articles of association: *"The financial year of the Company runs from 1 September to 31 August. The Company's Annual Report shall be prepared and presented in English"*.

The Chairman of the General Meeting enquired if there were any comments to the proposals under items 1-4 of the agenda.

Michael Bech, PFA Kapitalforvaltning, extended his congratulations on the 2013-2014 results and expressed satisfaction with being a shareholder; among other things due to the total return of more than 200 % since the IPO in 2010 compared to a market return of 100 %. Michael Bech noted that the Company had strong market positions in all key areas and expressed satisfaction with the Company's continued focus on research and development. Michael Bech also noted that the Company's competencies within fermentation might be used within other areas which could be beneficial to the Company in the long term. Michael Bech expressed satisfaction with the announced cooperation with FMC Corporation. Michael Bech asked if the Company's target to allo-

cate 7 % of the turnover to research and development would suffice in order to reach the long term targets.

Per Jørgensen, Fondsmæglerselskabet Investering & Tryghed A/S, expressed satisfaction with the investment in Chr. Hansen, which in his opinion lived up to expectations in spite of the challenges mentioned by the Chairman. Per Jørgensen noted that Chr. Hansen had performed even better if compared to the international market rather than to the Danish market. Per Jørgensen added that the Company's significant capital return in the form of dividend and share buy-backs corresponded to approx. 20 % of a shareholders' investment in connection with the IPO in 2010. Per Jørgensen also mentioned that the Company's shareholder composition was another important factor for obtaining value creation as a stable and good majority shareholder would ensure peace to work, as a large foreign shareholder base provided support for the minority shareholders. However, the many investors with knowledge of the trade raised the bar for information to be disclosed by the Company. In this connection, Per Jørgensen commended the Chairman's report as well as the Company's reaction to the Russian scare in the share market whereby the Company had shown braveness and the management had proved that it was in control of the Company's operations and direction. Per Jørgensen again emphasized the importance of investing in operations and growth, subsequently in potential acquisitions and lastly in return of excess capital. Per Jørgensen noted that he would be looking forward to hearing more about how Health & Nutrition, as expressed by the CEO in his speech, in the long term could reach a level equal to that of the Culture & Enzymes division.

Ole Andersen thanked for the positive contributions. In reply to Michael Bech's question, the Chairman explained that, in the Company's view, an allocation of 7 % of the turnover to research and development until 2017/18 would suffice, especially when considering the fact that the Company's turnover is growing from year to year and that the percentage rate had gone up from 6.1 % to 7 %. The Chairman also underlined that the Company would consider allocating a higher percentage if this could generate increased value.

Flemming Kjærulf, Dansk Aktionærforening (Association of Danish Shareholders), thanked for a good and comprehensive Annual Report and for an informative verbal report. Flemming Kjærulf expressed dissatisfaction that the Annual Report would no longer be available in Danish, however, Dansk Aktionærforening was pleased with the cost savings obtained in this regard. A growth in turnover of 2 % and a result of EUR 132 million were fully satisfactory even if the figures were lower than last year. Flemming Kjærulf enquired as to the appropriate interval of leverage in order to ensure a "solid Investment grade credit profile". Flemming Kjærulf then drew the General Meeting's attention to the section in the Annual Report concerning risk management and enquired whether technology leaps, EU's restrictive attitude towards health claims and commodity price fluctuations were regarded as potential risks by the Board of Directors. Flemming Kjærulf found that the marginal decline in employee satisfaction should be taken seriously, and he asked whether the Company had taken measures to prevent unexpected loss of key employees to competitors. Flemming Kjærulf expressed satisfaction that the Company observes all recommendations on corporate governance, and that the Board of Directors had acted on all focus areas described in the Board of Directors' evaluation from last year. Dansk Aktionærforening is generally critical towards share option schemes, and Dansk Aktionærforening therefore supported the Board of Directors' proposal to replace the existing share option scheme with matching shares.

Flemming Kjærulf concluded by saying that the Company in the future should opt for lower dividends rather than increasing the interest-bearing debt.

In reply to Flemming Kjærulf's question on "solid Investment grade credit profile", the Chairman explained that it was determined by the creditors, however, the Company sought to be below 2x EBITDA with a leverage in 2013/2014 of 1.6x EBITDA compared to 1.4x EBITDA in the previous year. The increase in leverage from 1.4 to 1.6 was not an expression of a trend, but rather depended on when the Company did return excess liquidity to its shareholders. If the Company did not make extraordinary distributions in the current financial year, and the Company in general performed to target, the leverage would be approx. 1.0 at the end of the year. The Chairman then noted that the Company was endeavoring to create a good working environment as well as development possibilities for its employees. The incentive schemes introduced for the Executive Management did encourage the management to stay, but also involved an element of protection for the Company in the form of non-compete and termination clauses that compelled the participants to pay some cash in case of termination. The Chairman explained that even minor variations in employee satisfaction were taken seriously to ensure that any areas of concern were addressed.

CEO Cees de Jong ensured that the Company was attentive to variations in employee satisfaction. The CEO underlined that the Company was one of the leaders within the technological field and mentioned the strategic review of the innovation level that had been performed by an external consultant. Moreover, the Company holds close ties to the academic world and efforts were for instance being made to introduce new natural culture solutions to reduce the sugar contents in yoghurts and the salt contents in cheese. The CEO added that the Company was ahead with regard to the production of bacteria for medical institutions. The Company therefore did not view technology leaps as a risk. The CEO informed that the Company had just obtained permission to provide bacteria strains to some of the Company's customers where the customers could include health claims on their products. In closing, the CEO noted that the commodity prices were not that important to the Company, apart from in the Natural Colors division where they had sought to counter this by moving the sales force into the division in order to act fast when commodity price fluctuations were detected.

Jens Christian Uldall Hansen expressed satisfaction with the Company and the Company's ability to provide good conditions for its employees and the environment. Jens Christian Uldall Hansen asked what had caused the slowdown in sale of natural colors, and to what extent natural colors and biological plant protection could be sold based on an argument of organics. Jens Christian Uldall Hansen further enquired as to the considerations on closing of small production units.

Cees de Jong noted that the reasons why the Company did not live up to expectations in China and the USA, respectively, differed. As regards China, the Company had had to replace most of the sales staff because they did not perform to the Company's standards, and also a new laboratory had been established in Shanghai. In the USA, the manufacturers were very cautious when it came to transitioning to the more expensive natural colors but this was probably just a question of time. It would probably not be possible to sell biological plant protection and natural colors by using the word "organic", but instead "natural". The CEO noted that there was a tendency towards using natural products although they were more expensive and not quite as effective. The small production units in Australia and Argentina would be phased out, as the production could

be handled more efficiently in Denmark and then shipped to the relevant markets, which would generate higher efficiency, a higher margin and better net profits.

The Chairman of the General Meeting then proceeded to the formal adoption of the proposals under items 1-4.

The Chairman of the General Meeting concluded with the consent of the General Meeting that the Board of Directors' report on the Company's activities had been adopted, and that the Annual Report as from and including the financial year 2013/2014 would be prepared and presented in English.

The Company's 2013/2014 Annual Report had been endorsed with an unqualified audit report with no supplementary remarks.

The Chairman of the General Meeting then concluded with the consent of the General Meeting that the 2013/2014 Annual Report was approved, and that the Board of Directors' proposal for allocation of profits, including distribution of dividends for the financial year 2013/2014 of DKK 3.77 per share of DKK 10, corresponding to a total distribution of DKK 492.6 million, had been adopted with the required majority.

#### **Re item 5 on the agenda**

The Chairman of the General Meeting informed that the Board of Directors had proposed that the General Meeting approved allocation of the following remuneration to the board members for the 2014/2015 financial year:

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| Members of the Board of Directors:       | Base fee of DKK 350,000                              |
| Chairman of the Board of Directors:      | DKK 1,050,000, corresponding to 3 times the base fee |
| Vice Chairman of the Board of Directors: | DKK 525,000, corresponding to 1.5 times the base fee |

The Chairman of the General Meeting noted that the Board of Directors had established an Audit Committee, a Remuneration Committee, a Nomination Committee and a Scientific Committee.

The Board of Directors proposed that members of the Company's committees receive the following supplements:

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|--|---------------------------|
| Chairmen of the Audit and Scientific Committees: | DKK 200,000 per committee |
| Other committee members:                         | DKK 100,000 per committee |

In addition, members of the Board of Directors may receive a fixed allowance in connection with overseas travels undertaken in their capacity of members of the Board of Directors.

The Chairman of the General Meeting added that the Board of Directors' remuneration were unchanged compared to last year.

There were no objections or comments to the proposal. The Chairman of the General Meeting then concluded that the Board of Directors' proposal for remuneration had been adopted with the required majority.

**Re item 6 of the agenda**

**6a: Reduction of the Company's share capital by canceling treasury shares**

The Board of Directors had proposed to reduce the Company's share capital by a nominal amount of DKK 26,474,800 from DKK 1,344,999,760 to DKK 1,318,524,960 by canceling 2,647,480 treasury shares acquired under the Company's share buy-back program in the period January to August 2014.

The Chairman of the General Meeting informed that the purpose of the proposed capital reduction was to distribute excess cash to the Company's shareholders, and that the shares proposed to be canceled had been acquired for a total amount of DKK 596,799,889, which meant that in addition to the nominal capital reduction amount, an amount of DKK 570,325,089 had been distributed to the shareholders.

Implementation of the capital reduction would entail the following consequential amendment of article 3.1 of the articles of association:

*"The Company's nominal share capital is DKK 1,318,524,960."*

There were no objections or comments to the proposal. The Chairman of the General Meeting then concluded that the Board of Directors' proposal to reduce the Company's share capital had been adopted with the required majority.

**6b: Amendment of the Company's "Overall guidelines for incentive-based remuneration for Chr. Hansen Holding A/S' management"**

The Board of Directors had proposed that the General Meeting approved the revised overall guidelines for incentive-based remuneration of the Company's Board of Directors and Executive Board prepared by the Board of Directors.

The Chairman of the General Meeting noted that the revised guidelines had been attached as Annex 1 to the notice convening the Annual General Meeting and had been available on the Company's website since the date of the notice.

The Chairman of the General Meeting then gave the word to the Chairman of the Board of Directors, Ole Andersen, who motivated the proposal.

The Chairman informed that the Board of Directors had decided to propose a new structure for the management's long-term incentive pay. The new revised guidelines would make it possible to replace the Company's current long-term option scheme with award of matching shares. Under the program, each executive officer would be required to buy shares in Chr. Hansen Holding A/S at their own account (investment shares) corresponding to an investment of approx. 15 % of the

annual gross salary for the CEO and approx. 13.75 % for other members of the Executive Board. The potential scope of outcome would be narrowed and would in practice mean that a maximum of 65,000 shares could be awarded. Furthermore, award of matching shares would be measured over a three year period and would be subject to obtaining the predetermined targets for development of organic growth and EBIT as well as being subject to attainment of a relative Total Shareholder Return target measuring the value creation in relation to a similar group of companies defined in advance.

The Chairman of the General Meeting informed that the proposal was for adoption of the overall guidelines for incentive pay that establishes the framework for the Board of Directors' award of incentive pay. Adoption of the proposal would entail a consequential amendment of article 10.3 of the articles of association, which would then be worded as follows:

*"The Board of Directors has laid down overall guidelines for incentive-based remuneration for the Executive Board. These guidelines have been considered and approved at the Company's Annual General Meeting held on 27 November 2014, cf. Section 139 of the Companies Act. The guidelines have been made publicly available at the Company's website, [www.chr-hansen.com](http://www.chr-hansen.com)."*

There being no objections or comments to the proposal, the General Meeting adopted the proposal with the required majority.

#### **Re item 7 of the agenda**

##### **7a: Election of Chairman of the Board of Directors.**

The Board of Directors had proposed that Ole Andersen be re-elected as Chairman of the Board of Directors.

The Chairman of the General Meeting referred to Annex 2 to the notice convening the Annual General Meeting for further information on Ole Andersen's background and offices held.

There were no objections or comments to the proposal. The General Meeting adopted the Board of Directors' proposal to re-elect Ole Andersen as Chairman of the Board of Directors with the required majority.

##### **7b: Election of other members of the Board of Directors**

The Board of Directors had proposed that Frédéric Stévenin, Mark Wilson, Søren Carlsen and Dominique Reiniche be re-elected as members of the Board of Directors. The Chairman of the General Meeting noted that Henrik Poulsen, as mentioned by the Chairman of the Board of Directors, did not run for re-election.

In addition, the Board of Directors had proposed that Tiina Mattila-Sandholm and Kristian Villumsen be elected as new members of the Board of Directors.



The Chairman of the General Meeting referred to the slides shown as well as to Annex 2 to the notice convening the Annual General Meeting for further information on the background of and offices held by the nominated candidates.

There were no objections or comments to the proposal. The Chairman of the General Meeting concluded that Frédéric Stévenin, Mark Wilson, Søren Carlsen, Dominique Reiniche, Tiina Mattila-Sandholm and Kristian Villumsen had been elected to the Board of Directors.

**Re item 8 on the agenda**

The Board of Directors had proposed that the Company's auditor, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, be re-elected as the Company auditor.

There were no objections or comments to the proposal. The General Meeting adopted the Board of Directors' proposal with the required majority.

**Re item 9 on the agenda**

The Board of Directors had proposed that the General Meeting authorized the Chairman of the General Meeting to make filings of the resolutions adopted with the Danish Business Authority and to make any such amendments and additions as may be required by the Danish Business Authority in order to register the resolutions passed.

There were no objections or comments to the proposal. The General Meeting adopted the Board of Directors' proposal with the required majority.

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As there were no further comments or queries, the Chairman of the General Meeting gave the word to Ole Andersen, Chairman of the Board of Directors, and declared that he resigns as Chairman of the General Meeting.

The Chairman of the Board of Directors thanked the shareholders for the large attendance and committed contributions and the Chairman of the General Meeting for able leadership of the General Meeting.

The Annual General Meeting was adjourned at 5.50 pm CET.

Chairman of the Annual General Meeting:

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Niels Heering