

Guidelines for the remuneration of senior executives

In accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act (PLLCA), the Board of Directors of Fjord1 ASA has prepared a statement on the determination of salary and other forms of remuneration to senior executives of the company. The General Meeting's approval of the guidelines is of an advisory nature to the Board of Directors.

The approval of guidelines regarding remuneration tied to shares or to the future development of the price of the shares in the company or any other company within the group is, however, binding for the Board of Directors, cf. s. 5-6 (3), third sentence of the PLLCA, cf. s. 6-16a (2), fourth sentence. No such remuneration is proposed for 2020.

Guiding principles

The remuneration scheme for senior executives includes a fixed yearly salary and the standard pension and insurance coverage for employees. The company has established an incentive scheme for senior executives. The main purposes of the total remuneration scheme for senior executives is partly to ensure that key employees remain with the company over time, and partly to stimulate a strong and continuous profit-oriented culture that contributes to share price growth. The variable element of the remuneration scheme is intended to promote the achievement of good results and governance in accordance with the company's values and ethical guidelines.

The plan is for the variable salary element to consist of a cash bonus based on the achievement of individual goals. The maximum bonus will be an amount equal to the fixed salary for up to six months.

The senior executives of the company are members of the collective pension and insurance scheme applicable for all employees. The collective pension scheme (defined contribution pension scheme) applies for salaries up to 12 G¹. In addition, CEO Dagfinn Neteland has an individual agreement governing the right to pension contributions in excess of the collective scheme. Further information is provided in Note 19 to the financial statements for 2019 (consolidated accounts).

The company offers standard employment contracts and terms to all senior executives with respect to notice period and severance pay. Senior executives may be terminated on six months' notice. If the company terminates the employment of CEO Dagfinn Neteland, he is entitled to a 12-month severance payment at the end of the notice period. No other senior executive is entitled to such severance pay upon termination of employment.

¹ (G is the base amount of the Norwegian National Insurance Fund. As of 1 May 2019, 1 G equals NOK 99,858 – next adjustment to take place as of 1 May 2020)

Information on share-related schemes for other (non-executive) employees

All permanent employees have the opportunity to purchase Fjord1 ASA shares at a 20 % discount on the market price at the time of purchase, limited to a total accumulated discount of NOK 3,000 per employee per year.

The company has not established any share option programmes for its employees.

Previous financial year

In 2019 senior executives received bonuses in accordance with the previously established guidelines, including partial payment in Fjord1 shares. There is a potential basis for payment of bonuses for the fiscal year 2019 in the form of Fjord1 shares in accordance with previously established guidelines.

Please refer to Note 19 to the financial statements for 2019 for further details.

