

## **BOARD STATEMENT ON DETERMINATION OF SALARY AND OTHER REMUNERATION TO SENIOR EMPLOYEES**

### **GOALS AND GUIDELINES**

The aim of the guidelines on the determination of salary and other remuneration to senior employees of Grieg Seafood ASA is to attract manpower with the required competence and at the same time retain key personnel. The guidelines are also designed to motivate the employees to perform their work with a long-term perspective in order to achieve the goals of Grieg Seafood ASA.

The determination of salary and other remuneration to senior employees of Grieg Seafood ASA is therefore based on the following guidelines:

- The salary and other remuneration shall be competitive and motivating for each manager and for all members of the senior management group.
- The salary and other remuneration shall be linked to the value creation which Grieg Seafood ASA generates for its shareholders.
- The principles applied to determine salary and other remuneration shall be clear and easily understood by the employees, the shareholders and the public at large.
- The principles applied to determine salary and other remuneration shall also be sufficiently flexible to allow adjustments to be made for individual employees based on results achieved and the employee's contribution to the development of Grieg Seafood ASA.

Salary and other remuneration in 2015 will include fixed salary and a cash-based bonus scheme for each employee, provided that the stipulated goals for Grieg Seafood ASA and each employee are achieved. The bonus for the senior management group cannot exceed five months' salary.

Members of the senior management group are also offered a car allowance or a company car, coverage of telephone and electronic communication costs, and newspapers. The members of the senior management group are covered by the company's ordinary group life insurance scheme and defined contribution based pension scheme with a maximum of 12G (G is the basic amount under the National Insurance Scheme).

### **Changes in the Group Management in 2014**

The Chief Operating Officer (COO) started work on 1 April 2014. The COO and the Chief Financial Officer (CFO) are entitled to 12 months' severance pay with no holiday pay following termination of employment or changes in conditions of employment/position.

The Chief Executive Officer (CEO) gave notice on 17 October 2014. The period of notice expired on 30 April 2015. During this period the CEO received the ordinary salary. As well as being covered by the company's ordinary group life insurance scheme and the defined contribution based pension scheme up to 12G, the CEO receives separate salary compensation for pension benefits > 12G. The CEO is a member of the group life insurance scheme during the period of notice. Under his contract of employment the CEO is entitled to 18 months' continuous severance pay with no holiday pay and with no entitlement to pension rights from the end of the period of notice. The severance pay is reduced by any amount that is received by the employee from a corresponding position with a new employer during the period when severance pay is paid. The acting CEO (CFO) receives a fixed salary

supplement per month until the Board decides otherwise or a new CEO is appointed. A new CEO will take up this position not later than 1 June 2015.

The outgoing CEO had a total of 200 000 cash options at year-end 2014. The last date when the CEO can exercise these options is the end of May 2015, for 200 options. The acting CEO/CFO and COO each have 100 000 options.

For further information about options, please refer to note 10.

## **SALARIES AND OTHER REMUNERATION IN 2014**

In 2014 Grieg Seafood ASA followed the guidelines for salaries and other remuneration as submitted to the AGM in 2014.

The bonus for 2013 was determined and paid in 2014 based on the principles described above (see also note 9 concerning remuneration to the group management).

The bonus for 2014 was determined in February 2015 based on the principles described above and paid in March 2015.

We refer to notes 8, 9 and 10 to the consolidated accounts concerning information about salaries and other remuneration to senior management.

### **Synthetic options programme**

As a continuation of the options programme for 2007, a synthetic options programme was established for the company's senior management group which expired in 2014.

A total of 2 400 000 options were exercised during the entire period. In 2014, 800 000 options were exercised. At year-end 2014 the number of available options totalled 800 000. The last exercise date is June 2017. In 2014 a total of 300 000 options were allocated, which is within the overall framework of 3 million which was adopted by the AGM on 12 June 2013.

For further information about options, please refer to note 10 to the consolidated accounts for 2014.

### **APPROVED BY THE ANNUAL GENERAL MEETING ON 28 MAY 2015 FOR 2 YEARS:**

#### **SYNTHETIC OPTIONS PROGRAMME 2015-2016**

The Board proposes that the company should have a share price based bonus scheme for senior management. The aim of the scheme is to link the bonus paid to the development of the company's share price through the allocation of so-called synthetic options, with a continued obligation for the employee to retain an owner interest in the company. This is a continuation of the previous synthetic options programme. The conditions correspond to those that applied previously, but the purchase obligation applies until the employee owns shares in the company corresponding to 100% of the employee's fixed gross annual salary.

The main features of the scheme are as follows:

- The programme funds for 2 years; 2015 and 2016. The last allocation date is 31 December 2016.
- During the period, the Board can allocate up to 3 million synthetic options.

- The programme relates to senior management.
- Employees with a bonus entitlement will be allocated a certain number of synthetic options, where each synthetic option corresponds to the right to the difference in value between the exercise price and the market value of one share in Grieg Seafood ASA on the exercise date.
- The exercise price is set at the market value of one share in Grieg Seafood ASA on the date of allocation and is adjusted by 0.5% per month. The exercise price will be adjusted to take account of dividends paid.
- The bonus is payable in cash.
- The individual employees will have an obligation to purchase shares in the company at market price for up to 50% of the allocated bonus after deduction of tax. The purchase obligation will apply until the employee owns shares in the company corresponding to 100% of the employee's fixed gross annual salary.
- Shares acquired as a result of the purchase obligation cannot be sold until 12 months after the shares were acquired and only if the value of the shares to be sold exceeds 100% of the employee's fixed gross annual salary at the time of the sale.
- If the employee gives notice, his/her right to synthetic shares will lapse, and thus also the bonus right.