Corporate governance
With our vision of farming the ocean for a better future, Grieg Seafood demonstrates its commitment to corporate responsibility by operating profitably and sustainably in a manner that conforms with fundamental ethical norms and respect for the individual, society as a whole, and the environment. In pursuit of this vision while protecting our core values, we will face risks to our business strategy, operational risks, and risks associated with the protection of our employees, other assets, and reputation. Because our risk management is clearly connected with a multitude of stakeholder expectations, this approach includes maintaining a regular dialogue with our stakeholders, as they are the basis for our license to operate. Transparency and disclosure are vital in building trust, and by engaging in a dialogue with our stakeholders we are able to better understand the role we play in local communities and in society as a whole.

GOVERNANCE STRUCTURE

Grieg Seafood believes that strong corporate governance is an essential element in achieving our overall objectives and acting as a responsible organization. The Board of Directors is committed to sound corporate governance, and our governance structure helps enable the Board to fulfill its fiduciary duties to our shareholders and helps ensure our long-term success. The Board exercises oversight of strategic, operational and financial matters, including the elements and dimensions of our major risks. The Audit Committee, which consists of two members of the Board of Directors, has been given a particular responsibility to monitor critical business risks and address the quality and effectiveness of relevant risk-reducing measures. The Audit Committee reviews our policies at least annually and assesses our risk management quarterly. As our group management team, consisting of 11 senior executives, represents all aspects of our farming operations, we have not set up a committee to deal specifically with economic, environmental and social issues. The Board of Directors holds the group management team accountable for following its strategies, maintaining a high standard of ethical and responsible business conduct, taking care of our employees and safeguarding human rights, and for assessing risks related to climate change and the environment. The group management team convenes quarterly. We have a dedicated, cross-functional Sustainability Team, led by the Chief Sustainability Officer, consisting of members of the group management team and employees with particular functional responsibilities. Day-to-day implementation and assessment are, however, a line management responsibility. This means that corporate social responsibility is an integral component of all our operations, for all management teams, units, and departments.

RISKS RELATED TO CLIMATE CHANGE

One of the many factors that could materially and adversely affect our business and financial results, is the long-term effect of climate change on general economic conditions and the salmon farming industry in particular, along with changes in the supply of feed raw materials and requirements to cut carbon emissions. More information on our risk management procedures, and risks related to climate change in particular, is included in the Board of Directors report in Part 3 of this Annual Report.

COMPLIANCE

As salmon farming is a highly regulated industry, we are subject to strict standards for fish welfare, environmental impact, food production and production equipment. We must also comply with operational requirements related to the use of medicines and chemicals, biomass levels, sea lice levels, density and water quality, etc. We report regularly to authorities, for instance, on biomass levels, sea lice levels, disease outbreaks and mortality for salmon and cleaner fish. We are also subject to regular inspections and audited from local, national and international stakeholder groups and authorities. For more information of our ASC certificates, see www.griegseafood.com.

CODE OF CONDUCT AND BUSINESS BEHAVIOR

Our Values and Code of Conduct underpin the way we conduct ourselves and our approach to corporate social responsibility. Our Code of Conduct sets out the ethical principles and standards that must be upheld by each and every employee, and any agent that acts on our behalf, including our Board of Directors. Through our Supplier Code of Conduct, we demonstrate that we expect no less from our value chain. As part of our risk management, we continuously assess all our operations for risks related to corruption. Corruption is not considered a significant risk and we have controls in place to minimize exposure to it.

Grieg Seafood refrains from anti-competitive behavior, anti-trust and monopolistic practices, as this can severely affect consumer choice, pricing and other factors that are essential to efficient salmon markets. For more information, see the People section in this Annual Report.
Principles of Corporate Governance

Adopted by the Company’s Board of Directors on 20 April 2007 and updated on 8 April 2020.

<table>
<thead>
<tr>
<th>Section of the Norwegian Code of Practice for Corporate Governance</th>
<th>Deviation from the Code of Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Statement of corporate governance</td>
<td>No deviation</td>
</tr>
<tr>
<td>2. Activities</td>
<td>No deviation</td>
</tr>
<tr>
<td>3. Share capital and dividends</td>
<td>No deviation</td>
</tr>
<tr>
<td>4. Equal treatment of shareholders and transactions with related parties</td>
<td>No deviation</td>
</tr>
<tr>
<td>5. Negotiability</td>
<td>No deviation</td>
</tr>
<tr>
<td>6. General Meeting</td>
<td>Two deviations, see the text below</td>
</tr>
<tr>
<td>7. Nomination Committee</td>
<td>Two deviations, see the text below</td>
</tr>
<tr>
<td>8. Corporate Assembly and Board of Directors - composition and independence</td>
<td>No deviation</td>
</tr>
<tr>
<td>9. Work of the Board of Directors</td>
<td>No deviation</td>
</tr>
<tr>
<td>10. Risk management and internal control</td>
<td>No deviation</td>
</tr>
<tr>
<td>11. Directors’ fees</td>
<td>No deviation</td>
</tr>
<tr>
<td>12. Remuneration of executive personnel</td>
<td>No deviation</td>
</tr>
<tr>
<td>13. Information and communication</td>
<td>No deviation</td>
</tr>
<tr>
<td>14. Company takeover</td>
<td>No deviation</td>
</tr>
<tr>
<td>15. Auditor</td>
<td>No deviation</td>
</tr>
</tbody>
</table>
1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

PRESENTATION OF CORPORATE GOVERNANCE
Responsibility for ensuring that the Company has good corporate governance rests with the Board of Directors. The Board and management annually review Grieg Seafood Group’s principles and code of practice for corporate governance.

The Company abides by the Norwegian Code of Practice for Corporate Governance as recommended by the Norwegian Corporate Governance Board (NUES) on 17 October 2018. The Grieg Seafood Group follows NUES’s latest recommendations and has updated its existing rules and defined values in accordance with changes to the Norwegian Code of Practice published in 2014.

The Company has adopted the “follow or explain principle” with respect to the Code’s application. This means that the Company provides an explanation whenever it deviates from the Code.

This Annual Report offers a full account of the Company's principles for corporate governance and it is also available on www.griegseafood.com.

Deviations from the Norwegian Code of Practice: None

2. BUSINESS

GRIEG SEAFOOD ASA
The Company’s business is defined in Article 3 of its Articles of Association:

“The object of the company is to engage in the production and sale of seafood and in naturally related activities, including investment in companies engaged in the production and sale of seafood and in other naturally related activities”.

The Company is established and registered in Norway and is required to comply with Norwegian law, including laws and regulations pertaining to companies and securities.

GRIEG SEAFOOD ASA’S VISION AND OVERALL OBJECTIVES
Grieg Seafood’s vision is “Rooted in nature - farming the ocean for a better future”, creating long-term value for shareholders and other stakeholders through sustainable and cost-efficient growth. Operationally, Grieg Seafood strives to find the right balance between environmental, social and economic impacts. Through our five pillars, Grieg Seafood is committed to creating sustainable and long-term value. Sustainability is core to the industry and strongly impacts our financial performance. Our strategy for 2020 – 2025 is rooted in its desire for sustainable salmon farming. Focus areas are global growth, cost leadership and value chain repositioning.
The Board of Directors has established objectives, strategies, and risk profiles for the
Company’s defined business scope, in order to create value for its shareholders. The
Board has an annual plan for its endeavors and follows a five-year cycle in its strategy
work. This includes a review of risk areas and internal controls, as well as approving the
strategy, objectives and risks relating to sustainable development.

The Company aims to comply with all relevant laws and regulations, and with the Norwe-
gian Code of Practice for Corporate Governance. This also applies to all companies
controlled by the Group. In as far as it goes, this statement of principle therefore applies
to all companies within the Group. The Company has its own Code of Conduct, which all
employees and contract workers must abide by.

MANAGEMENT OF THE GROUP
Control and management of the Group is divided between the shareholders, represented
by the General Meeting, the Board of Directors, and the Group CEO, and is exercised in
accordance with prevailing company legislation.

Deviations from the Norwegian Code of Practice: None

3. EQUITY AND DIVIDENDS

EQUITY
At any given time, the Group shall have a level of equity and a capital structure that are
appropriate to the Group’s cyclical activities. The Board requires that, as a minimum,
equity consistently complies with current loan covenants.

As at 31 December 2019, the Company’s consolidated equity was NOK 4 141 million,
equivalent to 46% of total assets, and a debt-to-equity ratio of 1.16. The Board of Directors
considers the current capital structure to be satisfactory in relation to the Company’s
objectives, strategy, and risk profile.

DIVIDEND
The Group’s objective is to give shareholders a competitive return on invested capital
through dividend payments and appreciation in the value of the share, at a level at least
equivalent to other companies with comparable risk.

Any future dividend will depend on the Group’s future earnings, financial situation, and
cash flow. The Board believes that the dividend paid should develop in line with the
Group’s profit growth, while at the same time ensuring that equity remains at a healthy
and optimal level. In addition, the Board must ensure that there are adequate financial
resources to prepare the way for future growth and investment, and meet its desire to
minimize capital cost.
The Board of Directors at Grieg Seafood has adopted a dividend policy whereby the average dividend, over a period of several years, should correspond to 30 – 40% of profit after tax before fair value adjustment of biological assets.

Furthermore, a net interest-bearing debt per harvested kg of NOK 20 is considered reasonable. Based on this, the size of the dividend could be corrected both up and down to stay within the margin as per above.

During the year, the Company has paid out a dividend of NOK 4.00 per share. This corresponds to a pay-out ratio of 55% of net profit after tax, adjusted for fair value adjustments with respect to the previous year’s accounts.

**BOARD AUTHORIZATION**

The Board can request the AGM to grant a general mandate to pay out dividends in the period until the next AGM. An explanation must be given for the Board’s proposal. The dividend will be based on the Group’s current policy. Dividends should be paid on the basis of the last financial statements approved within the scope of the Norwegian Public Limited Companies Act. Upon authorization being granted, the Board determines from which date the shares are to be traded ex-dividend.

The Board has a general authorization to increase the Company’s share capital through share subscription for a total amount not exceeding NOK 44 664 800, divided into not more than 11 166 200 shares at the nominal value of NOK 4.00 each. The authorization covers merger decisions as provided for in Section 13-5 of the Norwegian Public Limited Companies Act. The Board is entitled to increase the share capital on several occasions and to itself determine the amount of the share capital increase in each case.

As at 31 December 2019, no shares have been issued pursuant to this authorization.

This authorization remains in effect until 30 June 2020.

The Board has a general authorization to acquire the Company’s own (treasury) shares in accordance with the provisions of Chapter 9 of the Norwegian Public Limited Companies Act for an aggregate nominal amount not exceeding NOK 44 664 800. The Company shall pay not less than NOK 4.00 per share and not more than NOK 180.00 per share when acquiring treasury shares. As at 31 December 2019, no shares have been acquired pursuant to this authorization.

This authorization remains in effect until the next AGM, but not later than 30 June 2020. The Company will observe the Norwegian Code of Practice in respect of new proposals to authorize the Board to implement capital increases and acquire the Company’s own shares.

**Deviations from the Norwegian Code of Practice: None**
4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

SHARE CLASS
The Company has one class of shares, and all shares carry the same rights. As at 31 December 2019, the Company had 111,662,000 outstanding shares, including treasury shares.

TREASURY SHARES
If the Company trades in its own (treasury) shares, the Norwegian Code of Practice’s provisions relating to the equal treatment of shareholders and transactions with close associates shall be observed.

As at 31 December 2019, the Company held 1,213,687 treasury shares.

APPROVAL OF AGREEMENTS WITH SHAREHOLDERS AND OTHER RELATED PARTIES
All non-immaterial transactions between the Company and a shareholder, board member, or a senior employee or their related parties, shall be subject to a valuation by an independent third party. If the consideration exceeds one-twentieth of the Company’s share capital, transactions of this kind shall be approved by a General Meeting of Shareholders, in so far as this is required under Section 3-8 of the Norwegian Public Limited Companies Act.

There were no transactions with related parties in 2019 pursuant to the requirement above. For further details see Notes 14, 17, and 22 to the Group Accounts in this Annual Report.

CAPITAL INCREASES
Should shareholders’ preferential subscription right be waived, the Norwegian Code of Practice shall be observed. There were no capital increases in 2019.

Deviations from the Norwegian Code of Practice: None

5. SHARES AND NEGOTIABILITY

There are no limitations with regards to owning, trading, or voting for the Company’s shares. All shares are freely negotiable to all parties.

Deviations from the Norwegian Code of Practice: None
6. GENERAL MEETINGS

The Company’s highest decision-making body is the General Meeting of shareholders.

With respect to the timing and facilitation of General Meetings, the Board of Directors will do its best to ensure that as many shareholders as possible may attend and exercise their rights, thereby making the General Meeting an effective forum for the views of shareholders and the Board of Directors.

The Company’s Annual General Meeting (AGM) shall be held each year before the end of June. The AGM shall consider and, if thought fit, adopt the annual financial statements, the annual report, and the proposed dividend, as well as deciding on other matters which under current laws and regulations pertain to the AGM.

The Board may convene an Extraordinary General Meeting (EGM) at whatever time it deems necessary or when such a meeting is required under current laws or regulations. The Company’s auditor and any shareholder or group of shareholders representing more than 5% of the Company’s share capital may require the Board to convene an EGM.

The Board must give at least 21 days’ notice that a General Meeting is to be held. During this period, the notice and documents pertaining to matters to be considered at the General Meeting shall be accessible on the Company’s website. The same applies to the Nomination Committee’s recommendations. When documents are made available in this manner, the statutory requirements for distribution to shareholders do not apply. Nevertheless, a shareholder may ask to be sent physical documents concerning matters to be considered at the General Meeting.

The deadline to register for attendance at the General Meeting is set by the Board in the notice, normally five days prior to the meeting’s scheduled date.

Shareholders can vote on each individual matter, including on each individual candidate nominated for election. Shareholders unable to attend may vote by proxy. An authorization form containing a vote option for each agenda item will be enclosed with the notice of meeting. Shareholders may also authorize the Board’s chair or the Group CEO to vote on their behalf.

The Company will publish the minutes of General Meetings in accordance with the stock exchange regulations, in addition to making them available for inspection at the Company’s registered offices.

The Board’s chair, a member of the Nomination Committee and the Group CEO will be represented at the General Meeting. The Board’s chair will normally chair the General Meeting. The Board of Directors will ensure that, if it so requests, the General Meeting also is able to appoint an independent chair.

The Board shall not contact the Company’s shareholders outside the General Meeting in a manner which could be deemed to constitute preferential treatment or which could be in conflict with current laws or regulations.
The Nomination Committee proposes candidates for election to the Board by the AGM.

In 2019, Grieg Seafood Group held its AGM on 13 June.

Deviations from the Norwegian Code of Practice:
GSF Group deviates from the code of practice in two ways.

1. The AGM is not led by an independent chair, but by the Board’s chair. This is in accordance with its Articles of Association. Given the matters considered by the AGM, an independent chair has not been considered necessary. In cases that involve related parties, the AGM is chaired by an independent board member.

2. Not all members of the Board or the Nomination Committee attend the AGM. The Board of Directors considers it sufficient that the Board’s chair and the chair of the Audit Committee, are present. Other board members and members of the Nomination Committee attend as needed.

7. NOMINATION COMMITTEE

On 13 February 2009, the AGM approved a resolution to establish a Nomination Committee. This is described in Article 8 of the Articles of Association. At the same time, the AGM adopted instructions for the Nomination Committee. According to these instructions, the Nomination Committee should safeguard the interests currently embodied in the Norwegian Code of Practice for Corporate Governance.

The present Nomination Committee was elected at the AGM on 13 June 2019.

<table>
<thead>
<tr>
<th>Nomination Committee</th>
<th>Role</th>
<th>Considered independent</th>
<th>Served since</th>
<th>Term expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elisabeth Grieg</td>
<td>Chair</td>
<td>No</td>
<td>12.06.2018</td>
<td>AGM 2020</td>
</tr>
<tr>
<td>Yngve Myhre</td>
<td>Member</td>
<td>Yes</td>
<td>07.06.2017</td>
<td>AGM 2021</td>
</tr>
<tr>
<td>Helge Nielsen</td>
<td>Member</td>
<td>No</td>
<td>18.06.2012</td>
<td>AGM 2021</td>
</tr>
</tbody>
</table>

The members of the nomination committee are elected for two years. At least 2/3 of the members of the Nomination Committee shall be independent of the Board and may not be members of the Board. The Group CEO cannot be a member of the Nomination Committee. The Nomination Committee shall have meetings with the directors, Group CEO, and relevant shareholders.

Details about the Nomination Committee members are available on the Company’s website.

The Nomination Committee’s recommendation to the AGM should be submitted well ahead of time and accompany the notice of the AGM, no later than 21 days before the meeting. The Nomination Committee’s recommendations must include information about
the candidate’s impartiality, competence, age, education, and professional experience. Upon proposal for re-election, the recommendation should include additional information about how long the candidate has been a board member, as well as details about attendance at board meetings.

All shareholders are entitled to submit proposals to the Nomination Committee for candidates to the Board of Directors and other appointments. Proposals must be submitted to the Nomination Committee no later than two months prior to the AGM. Information on how to propose candidates can be found on the Company’s website.

When the recommendation comprises candidates for the Nomination Committee itself, it should include relevant information about these candidates.

Deviations from the Norwegian Code of Practice:
GSF Group deviates from the Norwegian Code of Practice in two ways.

1. The Code of Practice recommends that all shareholders should be able to submit proposals to the Nomination Committee for candidates to the Board of Directors and other appointments in a simple and easy manner. Today, shareholders must contact the Nomination Committee directly. The Company will observe the Norwegian Code of Practice in respect of new proposals to facilitate that all shareholders can propose candidates to the Board and Nomination Committee.

2. The majority of Nomination Committee’s members are not independent of the Board.

8. BOARD OF DIRECTORS:
COMPOSITION AND INDEPENDENCE

NUMBER OF BOARD MEMBERS
Pursuant to Article 6 of its Articles of Association, the Company’s Board of Directors comprises up to seven members elected by the General Meeting.

The Board’s chair is elected by board members. In the event of a tied vote, the Board’s chair has the casting vote. The CEO is appointed by the Board and has both a right and a duty to attend board meetings. The CEO is only entitled to vote on board decisions if he or she is an elected member of the Board.

ELECTION PERIOD
All board members are elected by the AGM for a period of two years. Board members may be re-elected.
INDEPENDENT BOARD MEMBERS

As at 31 December 2019, the Board of Directors consisted of the following members:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Considered independent</th>
<th>Served since</th>
<th>Term expires</th>
<th>2019 Meeting attendance</th>
<th>% of shares in GSF per 31.12.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Grieg jr.</td>
<td>Chair</td>
<td>No</td>
<td>20.05.2009</td>
<td>AGM 2021</td>
<td>100 %</td>
<td>52.80%*</td>
</tr>
<tr>
<td>Asbjørn Reinkind</td>
<td>Vice chair</td>
<td>Yes</td>
<td>27.05.2011</td>
<td>AGM 2021</td>
<td>100 %</td>
<td>0.11%</td>
</tr>
<tr>
<td>Karin Bing Orgland</td>
<td>Board member</td>
<td>Yes</td>
<td>12.06.2013</td>
<td>AGM 2021</td>
<td>100 %</td>
<td>0.0%</td>
</tr>
<tr>
<td>Tore Holand</td>
<td>Board member</td>
<td>Yes</td>
<td>12.06.2018</td>
<td>AGM 2020</td>
<td>100 %</td>
<td>0.0%</td>
</tr>
<tr>
<td>Solveig M.R. Nygaard</td>
<td>Board member</td>
<td>Yes</td>
<td>12.06.2018</td>
<td>AGM 2020</td>
<td>100 %</td>
<td>0.0%</td>
</tr>
<tr>
<td>Sirine Fodstad</td>
<td>Board member</td>
<td>No</td>
<td>13.06.2019</td>
<td>AGM 2021</td>
<td>100 %</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

*Per Grieg jr. and indirectly via the Grieg Group.

The Company’s annual report and the website provide information on board members’ background and expertise. An overview of board members’ shareholdings in the Company appears in Note 17 to the Group Accounts in this Annual Report.

Deviations from the Norwegian Code of Practice: None.

9. THE WORK OF THE BOARD OF DIRECTORS

DUTIES AND ANNUAL PLAN

The Norwegian Public Limited Liability Companies Act regulates the duties and workings of the Board of Directors. In addition, the Board of Directors has adopted supplementary rules of procedure covering the duties of the Board of Directors and the chief executive officer (CEO), the division of labor between the Board and the CEO, the annual plan for the Board of Directors, notices of board proceedings, administrative procedures, minutes, board committees, transactions between the Company and the shareholders, and confidentiality.

The Board has overall responsibility for the Group and for overseeing its day-to-day management and business activities. The Company shall be managed by an effective Board of Directors (the Board) which is jointly responsible for the success of the Company. The Board represents and is accountable to the Company’s shareholders.

The Board’s duties include drawing up the Group’s strategy and ensuring that the adopted strategy is implemented, effective supervision of the Group CEO, control and supervision of the Group’s financial situation, internal control, anti-corruption, and the Company’s responsibility to and communication with the shareholders. The Board shall initiate any investigations it considers necessary to perform its duties. The Board shall also initiate such investigations requested by one or more board members.

To ensure all matters are given unbiased and satisfactory consideration, members of the Board and executive management cannot consider matters in which they have a special and prominent interest. The Board of Directors jointly assess each board member’s impartiality with respect to matters under consideration.
INSTRUCTIONS
The Board has drawn up a set of instructions for its members and executive management, which contain a more detailed description of the Board’s duties, meetings, the Group CEO’s duties in relation to the Board, the meeting schedule for the Board, participation, separate entries in the minutes and duty of confidentiality.

The Board and the Group CEO have separate roles, and there is a clear division of responsibility between the two. The Group CEO is responsible for the Company’s group management team. The Board underlines that special care must be exercised in matters relating to financial reporting and the remuneration of the group management team.

In matters of importance where the Board’s chair is or has been actively involved, the Board’s discussions shall be chaired by the vice chair.

Board members and the group management team shall inform the Board if they have any significant interest in a transaction to which the Company is a party. For further information, please refer to Note 22 in the Group Accounts in this Annual Report.

The Instructions for the Board and management were last revised by the Board on 20 September 2017.

ANNUAL ASSESSMENT
Each year, the Board shall carry out an assessment of its work in the previous year. The assessment is based on the results of a questionnaire completed anonymously by each member of the Board and the group management team.

AUDIT COMMITTEE
The Board has set up a sub-committee (Audit Committee) comprising a minimum of two and a maximum of three members elected from among the Board’s members, and has drawn up a mandate for its work.

The committee assists the Board in the work of exercising its supervisory responsibility by monitoring and controlling the financial reporting process, systems for internal control and financial risk management, external audits, and procedures for ensuring that the Company complies with laws and statutory provisions, and with the Company’s own guidelines.

As at 31 December 2019, the Audit Committee consisted of:

<table>
<thead>
<tr>
<th>Board’s Audit Committee</th>
<th>Role</th>
<th>Considered independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karin Bing Orgland</td>
<td>Chair</td>
<td>Yes</td>
</tr>
<tr>
<td>Tore Holand</td>
<td>Member</td>
<td>Yes</td>
</tr>
</tbody>
</table>
REMUNERATION COMMITTEE

The Remuneration Committee is governed by a separate set of instructions adopted by the Board of Directors. The members of the Remuneration Committee are appointed by and from among the members of the Board of Directors and shall be independent of the Company’s executive management. As at 31 December 2019, the Remuneration Committee consisted of:

<table>
<thead>
<tr>
<th>Board’s Compensation Committee</th>
<th>Role</th>
<th>Considered independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Grieg jr</td>
<td>Chair</td>
<td>No</td>
</tr>
<tr>
<td>Asbjørn Reinkind</td>
<td>Member</td>
<td>Yes</td>
</tr>
<tr>
<td>Sirine Fodstad</td>
<td>Member</td>
<td>No</td>
</tr>
</tbody>
</table>

The primary purpose of the Remuneration Committee is to assist and facilitate the Board’s decision-making in matters related to the remuneration of the group management team, review recruitment policies, career planning and management development plans, and prepare matters relating to other material employment issues with respect to executive management.

The committee shall hold discussions with the Group CEO concerning his/her financial terms of employment. The committee shall submit a recommendation to the Board concerning all matters relating to the Group CEO’s financial terms of employment.

The committee shall also keep itself updated on and propose guidelines for the determination of remuneration to group management team. The committee is also the advisory body for the Group CEO in relation to remuneration schemes which cover all employees to a significant extent, including the Group’s bonus system and pension scheme. Matters of an unusual nature relating to personnel policy, or matters considered to entail an especially great or additional risk, should be put before the committee.

The Remuneration Committee reports and makes recommendations to the Board of Directors, but the Board retains responsibility for implementing such recommendations. The composition of the committee is subject to assessment each year.

Deviations from the Norwegian Code of Practice: None.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has a responsibility to ensure that the Group has proper risk management and such internal control as is required by statute. The Audit Committee has been given a particular responsibility to monitor critical business risks and address the quality and effectiveness of relevant risk-reducing measures. Management performs a risk assessment quarterly, which is reviewed by the Audit Committee in connection with quarterly reporting. The Audit Committee updates the Board after each meeting. Each year the external auditor carries out a review of the internal control which is an element of financial reporting. The auditor’s review is submitted to the Audit Committee.
Internal control means activities carried out by the Group to organize its business activities and procedures in order to safeguard its resources and those of its customers, and to realize its goals through appropriate operations. The achievement of these goals also requires systematic strategy development and planning, identification of risk, choice of risk profile, as well as establishing and implementing control measures to ensure that the goals are achieved.

The Group’s core values, external guidelines, and social corporate responsibility constitute the external framework for internal control. The Group is decentralized, and considerable responsibility and authority are therefore delegated to the regional operating units. Day-to-day implementation and assessment are a line management responsibility. This means that corporate social responsibility is an integral component of all our operations, for all management teams, units, and departments. Risk management and internal control are designed to take account of this.

Internal control is an on-going process that is initiated, implemented, and monitored by the Group’s Board of Directors, management and other employees. Internal control is designed to provide reasonable assurance that the Group’s goals will be achieved in the following areas:

- Targeted, efficient, and appropriate operations.
- Reliable internal and external reporting.
- Compliance with laws and regulations, including internal guidelines.

The Group has implemented the 2017 COSO Enterprise Risk Management (COSO ERM) scheme as the main framework for risk management, where risks and opportunities are positioned in the context of objectives and performance. The framework includes a description of the Group’s risk management policy, as well as all financial control processes. There is an ongoing risk assessment of the main transaction processes. Descriptions of the transaction processes are currently in preparation, with the aim of clarifying key controls and ensuring that these controls are in place. This means assessing all processes to determine the probability of non-conformity arising, and how serious the economic consequences would be of any such non-conformity. The establishment of controls in each region is aimed at reducing the likelihood of non-conformities with major economic consequences arising.

The Group categorizes its main risks as: strategic risk, operational risk, financial risk, compliance risk and climate risk. The Group’s greatest risk relates to biological development during the production of smolt and sea farming. The Group therefore works continuously and systematically to develop processes that safeguard animal welfare and reduce disease and mortality, and ensure that “best practices” are implemented at all levels. Control routines have been prepared for employee working conditions, as well as escape prevention, animal welfare, pollution, water resources, and food safety.

The long-term effect of climate change on general economic conditions can also have a material impact on the Group. The Group’s climate risk management is been mapped in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
Amongst the financial risks the Group is exposed to, are: market risk (including foreign exchange risk, interest rate risk, and price risk), contract risk, credit risk and liquidity risk. The Group’s overall risk management plan focuses on the unpredictability of the capital markets and seeks to minimize any potentially negative effects on the Group’s financial results. The Group uses financial derivatives to hedge against some risks. Risk management is drawn up at Group level and involves identifying, evaluating, and hedging financial risk in close cooperation with the Group’s operational units. The Board has established written principles for risk management related to foreign exchange and interest rate risk, price risk, and the use of financial instruments.

The Board has established procedures for reporting within the Group. At the start of each year the Board adopts a budget for the year. Deviations from the budget are reported on a monthly basis. Forecasts are drawn up for the next five years and updated every month.

Every month, each region submits a report containing given Key Performance Indicators (KPIs). The main KPIs are: EBIT/kg, feed factor, number of smolt transferred to the sea, production, production cost, harvest volume, harvest cost, and level of sea lice. Analyses are made and measured against budget figures and KPIs. Generational accounts for harvested generations will be updated on a monthly basis. Each region’s performance data is summarized in a report submitted to the Board.

Each quarter, the Group management holds meetings with the management of each region. The aim of the meeting is to follow up the strategies and goals that have been set.

Deviations from the Norwegian Code of Practice: None.

11. REMUNERATION OF THE BOARD OF DIRECTORS

Proposals concerning the remuneration of the Board are submitted by the Nomination Committee. Remuneration to Board members is not linked to the Company’s results. No board member has any special duties in relation to the Company over and above those they have as a board member.

No board members participate in any incentive or share programs.

Board remuneration is shown in the financial statements of both the Company and the Group.

Deviations from the Norwegian Code of Practice: None.
12. REMUNERATION OF THE GROUP MANAGEMENT TEAM

Group management consists of the Group CEO, the Chief Operating Officer (COO), the Chief Financial Officer (CFO), and the Chief Human Resource Officer (CHRO).

The objective of the guidelines for salary and other remuneration payable to senior employees within the Group is both to attract people with the required competence and retain key personnel. The guidelines should also motivate the employees to work with a long-term perspective to achieve the Group’s goals.

The determination of salary and other remuneration to the Group’s senior employees is therefore based on the following guidelines:

- Salary and other remuneration shall be competitive and motivating for each manager and for everyone in the senior management group.
- Salary and other remuneration shall be linked to value creation generated by the Company for the shareholders.

The principles used to determine salary and other remuneration shall be simple and understandable to employees, shareholders, and the public at large.

The principles used to determine salary and other remuneration shall also be sufficiently flexible to allow adjustments to be made on an individual basis in the light of the results achieved and the contribution made by the individual to the development of the Group.

The salary paid to the group management team consists of a fixed and a variable element. Under the bonus scheme, the variable salary cannot exceed six times the monthly salary. Each year, information about the provisions of the bonus scheme is included in the Group statement on the determination of salary to senior employees, and appears in the financial statements for the Group, Note 14.

The Company’s Board approved the allocation of cash options based on the AGM’s resolution on the share and cash options program. The last approval granted by the AGM dates from 13 June 2019. The Group CEO, CFO, COO, CHRO, and the four regional managers are included in the synthetic options program. The options agreements have been entered within the scope of the resolution adopted by the AGM. Minutes of this AGM can be accessed from the Company’s web page.

The remuneration payable to the Group CEO is determined at a meeting of the Board of Directors. The salary payable to the other members of the management group is determined by the Group CEO. The Group CEO shall discuss the remuneration which he/she proposes with the Board’s chair before the amount of remuneration is determined.

General schemes for the allocation of variable benefits, including bonus schemes and options programs, are determined by the Board. Schemes which entail an allotment of shares, subscription rights, options, and other forms of remuneration related to shares or the development of the Company’s share price, are determined by the AGM. The Board’s statement on management remuneration is a separate item on the AGM’s agenda. The AGM votes separately on guidelines to the Board and remuneration comprising the synthetic options program.
SEVERANCE PAY
The Group CEO is entitled to 12 months’ severance pay after termination of the employment relationship by the Company. The Group CEO is further entitled to full salary during sick leave of up to 12 months’ duration.

A severance pay agreement has also been established for the CFO and COO providing for 12 months’ severance pay after termination of the employment relationship by the Company.

Deviations from the Norwegian Code of Practice: None.

13. INFORMATION AND COMMUNICATION

FINANCIAL INFORMATION
The guidelines for reporting financial and other information to the stock market are defined within the framework established by securities and accounting legislation and the rules and regulations of the stock exchange. The Company also complies with the Oslo Stock Exchange Code of Practice for IR, of 1 March 2017.

The Board of Directors has adopted an investor relations policy to clarify roles and responsibilities related to financial reporting and regulate contact with shareholders and the investor market. This policy is based upon the key principles of openness and equal treatment of market participants to ensure they receive correct, clear, relevant, and up-to-date information in a timely manner. The IR policy is available on the Company’s website.

In addition, the Board has adopted a separate manual on the disclosure of information, which sets forth the Company’s disclosure obligations and procedures.

The Company shall at all times provide its shareholders, the Oslo Stock Exchange, and other stakeholders (through the Oslo Stock Exchange information system) with timely and accurate information. The Board shall ensure that the Company’s quarterly reports give a correct and complete picture of the Group’s financial and commercial position, and whether the Group’s operational and strategic objectives are being reached. Financial reporting shall also contain realistic forecasts for its commercial and performance-related development.

The Company publishes all information on its own website and through stock exchange/press releases. Quarterly reports, annual reports and stock exchange/press releases are presented on an ongoing basis on the Company’s website in accordance with the Company’s financial calendar. The presentation of each quarter’s results is available as a webcast.

The Company shall be open and active with respect to investor relations, and shall hold regular presentations in connection with the annual and interim results.
SHAREHOLDER INFORMATION

The Board shall ensure that information is provided on matters of importance for the shareholders and for the stock market’s assessment of the Company, its activities and results, and that such information is made publicly available without undue delay. Publication shall take place in a reliable and comprehensive manner, and by using information channels which ensure that everyone has equal access to the information.

All information shall be provided in English. The Company has procedures to ensure that this is done. The Board of Directors’ communication with shareholders and other stakeholders is delegated to the Board’s chair, or other appointed persons in specific cases. The Board’s chair shall ensure that the shareholders’ views are communicated to the entire Board.

Deviations from the Norwegian Code of Practice: None.

14. TAKEOVERS

CHANGE OF CONTROL AND TAKEOVERS

The Company has no established mechanisms which can prevent or avert takeover bids, unless this has been resolved at a General Meeting of Shareholders by a majority of two-thirds of the votes cast and of the share capital represented. After a takeover bid has become known, the Board will not use its authorization to prevent it without the approval of the General Meeting. If a takeover bid is received, management and the Board will ensure that all shareholders are treated equally. The Board will obtain a valuation from a competent independent party and advise the shareholders whether to accept or reject the bid. Shareholders will be advised of any difference of views among board members in the Board’s statements on the takeover bid.

At its meeting of 13 October 2015, the Board adopted some core principles for how it will act in the event of any takeover bid. These core principles are in accordance with the Norwegian Code of Practice.

Deviations from the Norwegian Code of Practice: None.

15. AUDITOR

Through its Audit Committee, the Board seeks to collaborate fully and transparently with the Company’s auditor. Each year, the Audit Committee obtains confirmation that the auditor meets the requirements of the Norwegian Auditing Act concerning the independence and objectivity of the auditor.

The Board of Directors ensures that the auditor’s auditing plan is submitted to the Audit Committee once a year. In particular, the Audit Committee considers whether the auditor is performing a satisfactory control function.
Both the Company’s management and the auditor comply with guidelines issued by the Financial Supervisory Authority of Norway concerning the extent to which the auditor can provide advisory services.

The Board invites the auditor to meetings which deal with the annual financial statements. The Audit Committee has an additional meeting with the auditor at least once a year to review the auditor’s report on the auditor’s view of the Group’s accounting principles, risk areas and internal control procedures. Moreover, each year the Board has a meeting with the auditor when neither the Group CEO nor anyone else from company management is present.

The auditor also attends meetings of the Audit Committee to consider quarterly reports and other relevant matters. The auditor’s fee appears in the relevant note in this Annual Report, showing the breakdown of the fee between auditing and other services.

**Deviations from the Norwegian Code of Practice: None.**

Bergen, 8 April 2020
Grieg Seafood ASA