

# Corporate Governance

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2018

## 1. INTRODUCTION

### 1.1 Background

AUSTEVOLL SEAFOOD ASA ("AUSS" or the "Company"), the parent company in AUSS' group of companies ("The Group"), is established and registered in Norway and subject to Norwegian law, hereunder corporate and other laws and regulations. The Company's aim is to observe all relevant laws and regulations, and the Norwegian recommendation for Corporate Governance. This also applies for all other companies within the Group, and consequently this document applies to the extent reasonable for all companies therein.

The Company's Board of Directors adopted in its meeting held on 29 August, 2006 a document which largely and in principle adhered to the then applicable Corporate Governance standard, with a few deviations. The Board of Directors have later examined revised versions of the Corporate Governance standard, published by the Norwegian Committee for Corporate Governance (NUES), latest standard published on 17.10.2018. The Board has approved and adopted this document as the Company's Corporate Governance Policy to reflect the will of AUSS to fully comply with the Corporate Governance recommendations from NUES. The Company will act in compliance with laws and regulations as applicable from time to time in respect of handling and control of insider trading rules and information to the shareholders and the market.

### 1.2 Objective

This governing document contains measures which have been and will be implemented to secure efficient management and control of the activities of the Company. The main objective is to establish and maintain systems for communication, surveillance and incentives which will increase and maximize the financial results of the Company, its long-term soundness and overall success, and investment return for its shareholders. The development and improvement of the Company's Corporate Governance is a continuous and important process, on which the Board of Directors and the Executive Management keep a keen focus.

### 1.3 Rules and regulations

The Company is a public limited company listed on the Oslo Stock Exchange.

In that respect the Company is subject to the Corporate Governance regulations contained in the Public Limited Companies Act 1997 (asal.), the Securities Trading Act 2007 (vphl), the Stock Exchange Act with regulations (børsreg) and other applicable legislation and regulations, including the NUES recommendations.

### 1.4 Management of the Company

Management of and control over the Company is divided between the shareholders, represented through the general meeting of the shareholders, the Board of Directors and the Managing Director (CEO) in accordance with applicable legislation.

The Company has an external and independent auditor.

### 1.5 Implementation and reporting on Corporate Governance

The Board of Directors must ensure that the Company implements sound Corporate Governance.

The Board of Directors must provide a report on the Company's Corporate Governance in the directors' report or in a document that is referred to in the directors' report. The report on the Company's Corporate Governance must cover every section of the Code of Practice.

If the Company does not fully comply with the Code of Practice, the Company must provide an explanation of the reason for the deviation and what solution it has selected.

The Board has decided to follow the Norwegian Recommendation for Corporate Governance and the Group has drawn up a separate policy for Corporate Governance.

AUSS takes a very conscious approach to its responsibility for ethical conduct, society at large and the environment. The Company has prepared a set of ethical guidelines for Group employees, aiming to establish common principles and regulations which govern all employees within AUSS and its subsidiaries. The Group's ethical guidelines for conduct reflect the values represented by the Group and guide the employees to make use of the correct principles for business conduct, impartiality, conflict of interest, political activity, entertaining customers, processing information and duty of confidentiality, relationships with business partners, corruption, whistle blowing, bribes etc. Each employee is individually responsible for practicing the ethical guidelines. The Company has prepared an Ethics Test for employees which will help them to make the right decisions whenever needed. The Company management is responsible for ensuring compliance with the regulations.

The Company's goal is to contribute towards improving human rights, labour rights and environmental protection, both within the Group, in relation to suppliers and subcontractors; in addition The Board of Directors report has a paragraph on Social, health, safety and the environment. Further information regarding Environmental and Social responsibility is available in the annual report on our website: [www.auss.no](http://www.auss.no).

*Deviation from the Recommendations: None*

## 2. BUSINESS

The Company's articles of association shall clearly describe the business that the Company shall operate.

The Board of Directors shall define clear objectives, strategies and risk profiles for the Company's business activities such that the Company creates value for shareholders.

The Company shall have guidelines for how it integrates considerations related to its stakeholders into its value creation.

The Board of Directors shall evaluate these objectives, strategies and risk profiles at least yearly.

The objective of the Company is to be engaged in production, trade and service industry, including fish farming, fishing operations and ship owning business and any business related thereto, including investments in other companies with similar objects.

These statements appear in § 3 of Austevoll Seafood ASA's articles of associations.

*Deviations from the Recommendations: None*

## 3. EQUITY AND DIVIDENDS

The Board of Directors shall ensure that the Company has a capital structure that is appropriate to the Company's objective, strategy and risk profile.

The Board of Directors shall establish and disclose a clear and predictable dividend policy.

The background to any proposal for the Board of Directors to be given a mandate to approve the distribution of dividends shall be explained.

Mandates granted to the Board of Directors to increase the Company's share capital or to purchase own shares shall be intended for a defined purpose. Such mandates shall be limited in time to no later than the date of the next annual general meeting.

### Equity

The Company's need for financial strength is considered at any time in the light of its objective, strategy and risk profile. The Board of Directors considers consolidated equity to be satisfactory.

### Dividend policy

The goal is, over time, to pay out 20 % to 40 % of the Group's net profit (ex. fair value adjustment of biological assets) as dividends.

### Capital increase

The Board has the authority until the ordinary general meeting in 2019 to increase the share capital by issuing up to 20 271 737 shares.

### Purchase of treasury shares

The Board has the authority, until the ordinary general meeting in 2019, to purchase treasury shares in Austevoll Seafood ASA limited to 10% of the Company's share capital. Shares may not be purchased for less than NOK 20 per share, and no more than NOK 150 per share.

At 31 December 2018, AUSS directly owned 893 300 treasury shares.

*Deviations from the Recommendations: None*

## 4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital shall be justified. Where the Board of Directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the Board, the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the Company carries out in its own shares shall be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

In the event of any not immaterial transactions between the Company and shareholders, a shareholder's parent company, members of the Board of Directors, Executive Personnel or close associates of any such parties, the Board shall arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations shall also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

### Trading in treasury shares

The Board's authorisation to acquire treasury shares is based on the assumption that the acquisition will take place in the open market. Acquired shares may be disposed in the market or used as payments for acquisitions.

### Transactions between related parties

See note 25 for related party transactions.

*Deviations from the Recommendations: None*

## 5. FREELY NEGOTIABLE SHARES

The Company shall not limit any party's ability to own, trade or vote for shares in the Company.

The Company shall provide an account of any restrictions on owning, trading or voting for shares in the Company.

The articles of association place no restrictions on negotiability.

The shares are freely negotiable.

*Deviations from the Recommendations: None*

## 6. GENERAL MEETINGS

The Board of Directors shall ensure that the Company's shareholders can participate in the general meeting.

The Board of Directors shall ensure that:

- the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting
- any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible
- the members of the Board of Directors and the chairman of the nomination committee are present at the general meeting
- the general meeting is able to elect an independent chairman for the general meeting
- shareholders shall be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting in person shall be given the opportunity to vote. The Company shall design the form for the appointment of a proxy to make voting on each individual matter possible and shall nominate a person who can act as a proxy for shareholders.

### Notification

The annual general meeting shall be held each year no later than six months after the end of each financial year. Notification shall be sent out within the deadlines in the Code of practice and relevant documentation is available on the Group's website at least 21 days prior to the general meeting. The Financial Calendar is published on the internet and through a notification to Oslo Stock Exchange.

### Participation

It is possible to register by post, telefax or e-mail. Shareholders who cannot attend the meeting can authorise a proxy, and the system facilitates the use of proxies on each individual item for discussion.

Deviations from the Recommendations: In 2018 three out of the seven Board members attended the General meeting. In 2018 none of the members of the nomination committee attended the General meeting.

## 7. NOMINATION COMMITTEE

The Company shall have a nomination committee, and the nomination committee shall be laid down in the Company's articles of association.

The general meeting shall stipulate guidelines for the duties of the nomination committee, elect the chairperson and members of the nomination committee, and determine the committee's remuneration.

The nomination committee shall have contact with shareholders, the Board of Directors and the Company's executive personnel as part of its work on proposing candidates for election to the board.

The members of the nomination committee shall be selected to take into account the interests of shareholders in general. The majority of the committee shall be independent of the Board of Directors and the executive personnel. No more than one member of the nomination committee shall be a member of the Board of Directors, and any such member shall not offer himself for re-election to the board. The nomination committee shall not include the Company's chief executive or any other executive personnel.

The nomination committee's duties shall be to propose candidates for election to the Board of Directors and nomination committee and to propose the fees to be paid to members of these bodies.

The nomination committee shall justify why it is proposing each candidate separately.

The Company shall provide information on the membership of the committee and any deadlines for proposing candidates. According to the Articles of Association § 6 the Company shall have a nomination committee. The nomination committee shall issue a proposal to the general meeting regarding the election of shareholder elected Board members. The nomination committee shall consist of three members. The members of the committee shall be elected by the Company's annual general meeting, which also appoints the committee's chairman. The members of the nomination committee are elected by the general meeting for terms of two years at a time. The general meeting determines the remuneration of the committee's members.

### Composition

The current committee was elected on the AGM on 24.05.2018 and consists of:

#### Harald Eikesdal,

Mr. Eikesdal is a lawyer with the firm Eikesdal. He previously held a position as Divisional Head with the Norwegian Ministry

of Finance and as a deputy judge and notary public at Haugesund Magistrates Court. Until 2017 Harald Eikesdal served as the Deputy Chairman of Laco AS, the main shareholder in Austevoll Seafood ASA and DOF ASA.

#### **Nils Petter Hollekim,**

Mr. Hollekim has a degree in Business Administration. He has worked as an administrator/analyst for 33 years, including Norwegian fund management companies until 2012. He spent 15 years working as a portfolio manager for ODIN Forvaltning AS. The last 8 years Mr. Hollekim has been a self-employed consultant and investment manager.

#### **Anne-Sofie Utne,**

Ms. Utne holds a Master of Economy from the Norwegian University of Life Sciences (Norges Miljø- og Biovitenskapelige Universitet). Since 2015 she holds the position as Senior Manager in BDO AS in Trondheim, and has a central position in developing BDO's strategy and excellence in services and consulting activities for the Aquaculture /Seafood Industry.

Most recently Ms. Utne served as a business advisor for eight years within the Norwegian aquaculture industry through her fully owned consulting company Kauna AS. Previously she held the position as head of the Aquaculture department of a branch specialist unit in DNB Bank ASA. Ms. Utne has extensive experience within consulting and financial transactions related to national and international corporations within the aquaculture industry. Ms. Utne has from 1 March, 2019 entered the position as Senior Business Developer in Norway Royal Salmon ASA.

The general meeting has not yet established specific guidelines for the nomination committee. However, the composition of the nomination committee is such that the interests of the shareholders in general are taken into account in that the majority within the committee is independent of the Board and other executive personnel.

*Deviations from the Recommendations: None*

## **8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE**

The composition of the Board of Directors shall ensure that the Board can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity and diversity. Attention shall be paid to ensuring that the Board can function effectively as a collegiate body.

The composition of the Board of Directors shall ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the board shall be independent of the Company's executive personnel and material business contacts. At least two of the members of the board

elected by shareholders shall be independent of the Company's main shareholder(s).

The Board of Directors shall not include executive personnel. If the Board does include executive personnel, the Company shall provide an explanation for this and implement consequential adjustments to the organisation of the work of the Board, including the use of board committees to help ensure more independent preparations of matters for discussion by the Board, cf. Section 9.

The general meeting shall elect the chairman of the Board of Directors.

The term of office for members of the Board of Directors shall not be longer than two years at a time.

The annual report shall provide information to illustrate the expertise of the members of the Board of Directors, and information on their record of attendance at board meetings. In addition, the annual report shall identify which members are considered to be independent.

Members of the Board of Directors shall be encouraged to own shares in the Company.

### **Composition of Board of Directors**

According to the Articles of Association § 6 The Company's Board of Directors shall consist of 5–7 directors elected by the shareholders. Austevoll Seafood ASA has endeavoured to adapt directors' backgrounds, competence, capacity and affiliation to the Group's business activities and its need for diversity.

The Board of Directors consists of the following persons:

#### **Helge Singelstad (1963) Chairman**

Helge Singelstad has been member of the Board since 2008, and has been the Chairman of the Board since May 2010. Mr. Singelstad is the CEO in Laco AS, the major shareholder in Austevoll Seafood ASA and DOF ASA. He holds a degree in Computer Engineering from Bergen University College (HiB), a degree in Business Administration from the Norwegian School of Economics (NHH) and a 1st degree of Law from the University of Bergen (UiB). He serves on numerous Boards of Directors, and is Chairman of the Board at Lerøy Seafood Group ASA and Pelagia Holding AS. Mr. Singelstad has extensive experience from various types of businesses such as oil & gas and seafood sector.

#### **Oddvar Skjeggstad (1951), Deputy Chairman**

Oddvar Skjeggstad has been member of the Board since 2006 and has served as the Deputy Chairman since May 2010. Mr. Skjeggstad has a degree as Master of Business Administration

from Norwegian School of Economic (NHH). He is self-employed and has a wide experience from executive positions in public administration, banking and other industrial activities. Mr. Skjegstad holds board positions in companies within several different business sectors.

#### **Lill Maren Møgster (1984), Member of the Board**

Lill Maren Møgster has been member of the Board since 2012. Ms. Møgster is one of the main owners in Laco AS, the main shareholder of Austevoll Seafood ASA and DOF ASA. Ms. Møgster is educated Bachelor of Management from the Norwegian Business School (BI). She works as controller in Lerøy Seafood AS. Ms. Møgster is experienced within sales and accounting after having worked in various subsidiaries of Laco AS since 2007. She holds board positions in several companies.

#### **Hege Charlotte Bakken (1973), Member of the Board**

Hege Charlotte Bakken has been member of the Board since May 2018. She holds an MSc degree from the Norwegian University of Life Sciences and an Executive MBA from ESCP Europe Business School in Paris. Hege Charlotte Bakken is Senior Advisor within strategy and management in Stella Polaris, Netherlands. She previously held positions as Senior Advisor at Hemingway Corporate Finance, Amsterdam, Chief Operating Officer of Marvesa Holding N.V. and Managing Director of Marvesa Rotterdam N.V. She also has experience from companies such as Pronova BioPharma Norge ASA, FishMarket International AS, Frionor AS and Norway Seafoods ASA. Hege Charlotte Bakken has served as a member of the boards of Lerøy Seafood Group ASA, Pronova Biopharma Norge AS and Pronova BioPharma ASA.

#### **Helge Møgster (1953), Member of the Board**

Helge Møgster has been member of the Board since the Company was founded in April 1981, and served as Chairman of the Board until May 2006. Mr. Møgster is one of the main owners in Laco AS, the main shareholder of Austevoll Seafood ASA and DOF ASA. Mr. Møgster has extensive experience from all aspects of the fisheries sector. Additionally he knows the offshore service sector very well. He is holding board positions in several companies.

#### **Siren Merete Grønhaug (1965), Member of the Board**

Siren Merete Grønhaug has been member of the Board since 2014. Ms. Grønhaug graduated as a Business Economist from the Norwegian School of Economics (NHH), and has additional training through the AFF Solstrand management development programme and at BI Norwegian Business School. She is the Group director HR of Lerøy Seafood Group ASA, and was previously CFO of Lerøy Seafood AS. She has broad knowledge in the seafood sector after many years of experience at executive levels in Lerøy. Ms. Grønhaug has extensive board experience from various companies in Lerøy Seafood Group ASA.

#### **Eirik Drønen Melingen (1988) Member of the Board**

Eirik Drønen Melingen has been member of the Board since May 2017. Mr. Melingen has a bachelor degree in Marine technology from Bergen University College and a Masters Degree in Offshore Floating Systems from University of Strathclyde. Mr. Melingen has experience from offshore shipping companies with specialized vessels within Subsea, Marine Seismic, Offshore Supply and Seismic Support.

#### **The Boards autonomy**

Except for the Chairman Helge Singelstad, Lill Maren Møgster, Eirik Drønen Melingen and Helge Møgster, all members of the Board are independent of the Company's major shareholders, the Company's management and the Company's main business relations. There are no conflicts of interest between any duties to the Company of the members of the Board or the Company's management, and their private interests or other duties.

No members of Group management are Directors.

#### **Directors' ownership of shares:**

Helge Singelstad owns 50,000 shares in the Company. Oddvar Skjegstad owns, through Rehua AS, 55,000 shares in the Company. Helge Møgster owns shares indirectly through Laco AS. Lill Maren Møgster owns shares indirectly through Laco AS. Eirik Drønen Melingen owns shares indirectly through Laco AS.

*Deviations from the Recommendations: None*

## **9. THE WORK OF THE BOARD OF DIRECTORS**

The Board of Directors shall issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

The Board of Directors shall ensure that members of the Board of Directors and executive personnel make the Company aware of any material interests that they may have in items to be considered by the Board of Directors.

In order to ensure a more independent consideration of matters of a material character in which the Chairman of the Board is, or has been, personally involved, the Board's consideration of such matters shall be chaired by some other member of the Board.

The Public Companies Act stipulates that large companies must have an audit committee. The entire Board of Directors shall not act as the Company's audit committee. Smaller companies shall give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee shall be independent.

The Board of Directors shall also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee shall be restricted to members of the Board who are independent of the Company's Executive personnel.

The Board of Directors shall provide details in the annual report of any board committees appointed.

The Board of Directors shall evaluate its performance and expertise annually.

In total 7 Board meetings have been arranged during 2018. The Board members have attended all meetings during 2018.

#### **Board responsibilities**

Norwegian law lays down the tasks and responsibilities of the Board of Directors. These include overall management and supervision for the Company. Towards the end of each year the Board adopts a detailed plan for the following financial year. This plan covers the follow-up of the Company's operations, internal control, strategy development and other issues. The Company complies with the deadlines issued by Oslo Stock Exchange with regards to interim reports.

#### **Instructions to the Board of Directors**

The Board's instructions are extensive and were last revised on 28.03.2008. The instructions cover the following points: the Board's responsibilities and obligations, the CEO's information obligations to the Board, and the procedures of the Board.

#### **Use of Board committees**

The Nomination Committee is governed by the Articles of Association. The Board established an Audit Committee at the end of 2008. The committees are solely responsible to the full corporate Board and their authority is limited to making recommendations to the Board, however the Nomination Committee makes recommendations for election of Board Members to the general meeting of shareholders.

#### **Audit committee**

The Audit committee has responsibilities related to financial reporting, the independent auditor and risk management and consists of two Board members. The independent auditor usually attends the meetings. The CEO and other directors are entitled to attend if the audit committee so desire.

*Members:* Oddvar Skjegstad and Lill Maren Møgster (since May 2018). Inga Lise L. Moldestad was member of the audit committee until she resigned in May 2018.

#### **The Board's self-evaluation**

Each year, a special Board meeting shall be organised on topics related to the Group's operations and the Board's duties and working methods.

*Deviations from the Recommendations: None*

#### **10. RISK MANAGEMENT AND INTERNAL CONTROL**

The Board of Directors must ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal control and the systems shall also encompass the Company's guidelines etc. for how it integrates considerations related to stakeholders into its creation of value.

The Board of Directors shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

#### **Internal control and risk management**

The Group's activities are varied, depending on each unit's position in the value chain, and consequently require differentiated forms of management and follow-up.

Good internal management systems are essential for success, and these must be continuously developed in order to accommodate changing economic conditions. The internal control is based on daily and weekly reports that are summarized into monthly reports tailored to the individual company, while at the same time providing satisfactory reporting at Group level. There is an emphasis on the importance of uniform reporting procedures and formats in order to ensure correct reporting from all units and up to an aggregate level.

#### **Review by the Board of Directors**

A significant volume of the work of the Board of Directors is ensuring that the Company management is familiar with and understands the Group's risk areas and that risk is managed by means of appropriate internal control. Frequent valuations and assessments are conducted of both the management's and Board's understanding of risk and internal control. The audit committee plays an important role in these valuations and assessments.

#### **Description of the main elements of risk management and internal control related to financial reports**

Internal control within the Group is based on the recommendation from the "Committee of Sponsoring Organizations of the Treadway Commissions" (COSO), and covers control environment, risk assessment, control activities, information and communication, and monitoring. The content of these different elements is described in detail below.

**Control environment**

The core of an enterprise is the employees' individual skills, ethical values and competence, in addition to the environment in which they work.

**Guidelines for financial reporting**

On behalf of the CFO, the Chief Accountant for the Group provides guidelines to entities within the Group. These guidelines place requirements on both the content of and process for financial reporting.

**Organisation and responsibility**

The Chief Accountant for the Group reports to the CFO and is responsible for areas such as financial reporting, budgets and internal control of financial reporting within the Group. The Directors of the entities which issue the reports are responsible for continuous financial monitoring and reporting. The entities all have management groups and financial functions which are adapted to their organisations and business activities. The entity managers shall ensure implementation of an appropriate and efficient internal control and are responsible for compliance with requirements.

The audit committee shall monitor the process of financial reporting and ensure that the Group's internal control and risk management systems function efficiently. The audit committee shall also ensure that the Group has an independent and efficient external auditor.

The financial statements for all companies in the Group are audited by an external auditor, within the framework established in international standards for auditing and quality control.

**Risk assessment**

The Chief Accountant for the Group and the CFO identify, assess and monitor the risk of errors in the Group's financial reports, together with the managers of each entity.

**Control activities**

Entities which issue reports are responsible for the implementation of sufficient control actions in order to prevent errors in the financial reports.

Processes and control measures have been established to ensure quality assurance of financial reports. These measures comprise mandates, division of work, reconciliation/documentation, IT controls, analyses, management reviews and Board representation within subsidiaries.

The Chief Accountant for the Group provides guidelines for financial reporting to the different Group entities.

The Chief Accountant for the Group ensures that reporting takes place in accordance with prevailing legislation, accounting standards, established accounting principles and the Board's guidelines.

The Chief Accountant and the CFO continuously assess the Group's and the segments' financial reports. Analyses are carried out in relation to previous periods, between different entities and in relation to other companies within the same industry.

**Review by the Group management**

The Group management reviews the financial reports on a monthly basis, with the review including the development in figures for profit/loss and balance sheet.

**Reviews by the audit committee, Board and general meeting**

The audit committee and Board review the Group's financial reports on a quarterly basis. During such reviews, the audit committee has discussions with the management and external auditor. At least once a year, the Board holds a meeting with the external auditor, without the presence of the administration.

The Board reviews the interim accounts per quarter and the proposal for the financial statements. The financial statements are adopted by the general meeting.

**Information and communications**

The Group strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties. Ref. item 13 "Information and communications" for more detailed information.

**MONITORING****Reporting entities**

Those persons responsible for reporting entities shall ensure appropriate and efficient internal control in accordance with requirements, and are responsible for compliance with such requirements.

**Group level**

The Chief Accountant and CFO review the financial reports issued by the entities and the Group, and assess any errors, omissions and required improvements.

**External auditor**

The external auditor shall provide the audit committee with a description of the main elements of the audit from the previous financial year, including and in particular significant weak points identified during internal control related to the process of financial reporting.

### The Board of Directors

The Board, represented by the audit committee, monitors the process of financial reporting.

*Deviations from the Recommendations: None*

### 11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board of Directors shall reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

The remuneration of the Board of Directors shall not be linked to the Company's performance. The Company shall not grant share options to members of its board.

Members of the Board of Directors and/or companies with which they are associated shall not take on specific assignments for the Company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this shall be disclosed to the full board. The remuneration for such additional duties shall be approved by the Board.

Any remuneration in addition to normal directors' fees shall be specifically identified in the annual report, see note 20.

The Directors fees are decided by the AGM. The Directors' fees are not linked to the Company's performance.

None of the Board members have during 2018 had assignments for the Company in addition to being members of the board.

*Deviations from the Recommendations: None*

### 12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board of Directors is required by law to prepare guidelines for the remuneration of the executive personnel. These guidelines are communicated to the annual general meeting. The Board of Directors statement on the remuneration of executive personnel shall be a separate appendix to the agenda for the general meeting. It shall also be clear which aspects of the guidelines are advisory and which, if any, are binding. The general meeting shall vote separately on each of these aspects of the guidelines.

The guidelines for the remuneration of the executive personnel shall set out the main principles applied in determining the salary and other remuneration of the executive personnel. The guidelines shall help to ensure convergence of the financial interests of the executive personnel and the shareholders.

Performance-related remuneration of the executive personnel in the form of share options, bonus programs or the like shall be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, shall incentivise performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration shall be subject to an absolute limit.

The remuneration policy for the executive management is determined by the Board of Directors and communicated to the annual general meeting. The guidelines regarding the remuneration are approved by the AGM. See note 20 for guidelines for remuneration to executive management.

The existing remuneration policy, each year subject to approval by guiding vote in the AGM, allows performance related remuneration.

*Deviations from the Recommendations: None*

### 13. INFORMATION AND COMMUNICATIONS

The Board of Directors shall establish guidelines for the Company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The Board of Directors shall establish guidelines for the Company's contact with shareholders other than through general meetings.

The Company strongly emphasises correct and open information to shareholders, potential shareholders and other interested parties. The Company has presented quarterly reports with financial information since 2006.

The Company's most important medium for distributing information will be the Oslo Stock Exchange reporting system, but the Company also aims to present such information directly to investors and analysts.

The Company aims to keep its shareholders informed via annual reports, quarterly reports and at appropriate presentations. In addition, press releases will be sent out regarding important events.

Every year, the Company publishes the Company's financial calendar, showing the dates for presentation of the interim financial statements and the date of the annual general meeting.

The Company's website is updated constantly with information distributed to shareholders. The Company's website is at: **www.auss.no**.

*Deviations from the Recommendations: None*

#### 14. TAKE-OVERS

The Board of Directors shall establish guiding principles for how it will act in the event of a take-over bid.

In a bid situation, the Company's Board of Directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the Company's business activities are not disrupted unnecessarily. The Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form view of the offer.

The Board of Directors shall not hinder or obstruct take-over bids for the Company's activities or shares.

Any agreement with the bidder that acts to limit the Company's ability to arrange other bids for the Company's shares shall only be entered into where it is self-evident that such an agreement is in the common interest of the Company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation shall be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the Company and the bidder that are material to the market's evaluation of the bid shall be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the Company's shares, the Company's Board of Directors shall not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid.

If an offer is made for a Company's shares, the Company's Board of Directors shall issue a statement making a recommendation as to whether shareholders shall or shall not accept the offer. The Board's statement on the offer shall make it clear whether the views expressed are unanimous, and if this is not the case it shall explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The board shall arrange a valuation from an independent expert. The valuation shall include an explanation, and shall be made public no later than at the time of the public disclosure of the board's statement.

Any transaction that is in effect a disposal of the Company's activities shall be decided by a general meeting.

Austevoll Seafood ASA's Articles of Association contain no limitation with regard to share acquisition. The shares are freely transferable. Transparency and equal treatment of

shareholders is a fundamental policy. Shall a bid be made for the Company, the Board of Directors will make a thorough evaluation of the bid.

*Deviations from the Recommendations: None*

#### 15. AUDITOR

The Board of Directors shall ensure that the auditor submits the main features of the plan for the audit of the Company to the Audit committee annually.

The Board of Directors shall invite the auditor to meetings that deal with the annual accounts. At these meetings the auditor shall report on any material changes in the Company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the Company.

The Board of Directors shall at least once a year review the Company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

The Board of Directors shall establish guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit.

*Deviations from the Recommendations: None*