CORPORATE GOVERNANCE REPORT

1. Implementation and Reporting on Corporate Governance

The Board of Directors of Fjordkraft Holding ASA ("Fjordkraft" or the "Company") has prepared this report that presents the corporate governance of the Company. The report is structured to cover all sections in the Norwegian Code of Practice for Corporate Governance (the "Norwegian Code"). The Norwegian Code is available at the Norwegian Corporate Governance Board's website www.nues.no.

The Board of Directors is aware of its responsibility to ensure that the Company conducts its business using applicable principles for good corporate governance. It is also responsible for the implementation of internal procedures and regulations to ensure that the Company and its subsidiaries (together the "Group") complies with the Norwegian Code.

2. Business

The Company's business, as defined in the articles of association, is the sale of electricity and other forms of energy in the retail market, in addition to other related business, including the participation in other companies. The articles are available on www.fjordkraft.no. Fjordkraft Holding ASA is a public limited liability company organised under Norwegian laws and subject to the provisions of the Norwegian Public Limited Liability Companies Act.

Our mission is that we create the most attractive electrical power supplier in Norway. Based on our core values "make it easier", "be friendly", and "create value", our vision is that 2 million people has electrical power from Fjordkraft in their power outlet, both at home and at work.

Fjordkraft's objective is to create long-term value for its shareholders through revenue from the sale of electricity and other services to both the private consumer and business consumer market.

To be able realize our vision, we have built our strategy around the following areas:

- Profitable growth
- Product innovation

- Digitalization and automation
- Strong brand
- Customer satisfaction
- Operational excellence
- Cost leadership

The Company takes part in the UN's climate program *Climate Neutral Now,* and the Company has been climate neutral since 2007. All of the Company's contractual partners have to sign an intent within 2019 on becoming climate neutral. If they fail to do so, Fjordkraft will use its market power to find alternative solutions. Our goal is not only to create a market where climate neutrality is the ideal, but the new standard.

Deviations from the Norwegian Code: None

3. Equity and Dividends

Shareholders' equity

The management and the Board of Directors regularly monitor that the Group's equity and liquidity are appropriate for its objectives, strategy and risk profile. The Company's shareholders equity at 31 December 2017 amounted to NOK 716 million. The Board considers this to be satisfactory in relation to its expressed goals, strategy and risk profile.

At the General Meeting in 2018, the Board was granted the following authorizations:

- The authority to purchase shares in the Company up to a total nominal value of the shares of NOK 1,567,443. The authority can only be used to purchase shares with the purpose of use in the employee offering in connection with the initial public offering. The authority is valid until 30 June 2018.
- The authority to increase the Company's share capital with up to NOK 3,134,867 by issuing new shares up to 10,449,622 shares with a nominal value of NOK 0.30 per share. The authority is valid until the next General Meeting, though no later than 30 June 2019.
- The authority to purchase shares in the Company up to a total nominal value of the shares of NOK 3,134,886. The authority can only be used to purchase shares with the purpose of

use in the Company's incentive- and remuneration arrangements for Group employees. The authority is valid until the next General Meeting, though no later than 30 June 2019.

- The authorities listed above is contingent of the approval of listing at Oslo Stock Exchange.

Dividend policy

The Board's ambition is that the shareholders of Fjordkraft will achieve a competitive return on their investment over time, through dividends and appreciation of the market value of the shares. The Group has adopted a dynamic dividend policy with the aim of returning surplus capital to its shareholders. The Group's target is to distribute at least 80% of its net profit adjusted for non-recurring and special items. In determining the annual dividend level, the Board of Directors will take into consideration, among other things, the expected cash flow, capital expenditure plans, covenant restrictions in its financial loan agreements, financing requirements (including for any M&A activity) and appropriate financial flexibility.

Deviations from the Norwegian Code: None

4. Equal Treatment of Shareholders and Transactions with Close Associates

Fjordkraft has only one class of shares, and each share represents one vote at the General Meeting. Existing shareholders have priority rights to subscribe for shares in the event of a share capital increase.

Any purchase or sale by the Company of its own shares is carried out through the Oslo Stock Exchange or at prices quoted at the Oslo Stock Exchange.

Any transaction between the Company and a related party will be on arm's length. In the event of a material transaction between the Company and a shareholder, parent company of a shareholder, board member, executive management personnel or any related parties of the above-mentioned, which do not form part of the ordinary course of business, the Board of Directors shall arrange for a third party valuation of the transaction.

Fjordkraft has prepared guidelines ensuring that the directors and executive management personnel notifies the Board of Directors in the event that they, directly or indirectly, has a significant interest in any agreement entered into by the Company.

Deviations from the Norwegian Code: None

The Board of Directors Fjordkraft Holding ASA 8th of March 2018.

5. Freely Negotiable Shares

The Company's shares are listed on the Oslo Stock Exchange. All shares in the Company have equal rights and may be traded freely.

Fjordkraft's articles of association does not contain any restrictions on the negotiability of its shares.

Deviations from the Norwegian Code: None

6. General Meetings

The general meeting serves as a democratic and effective body for the views of the shareholders and the Board of Directors. Fjordkraft encourages all its shareholders to attend the general meetings.

To Board of Directors has implemented the following steps to ensure the above-mentioned:

- A notice calling the meeting with comprehensive support information on the resolutions to be considered at the general meeting, including the recommendations of the nomination committee, available on Fjordkraft's websites at least 21 days prior to the date of the general meeting.
- All shareholders who are registered in the Norwegian Central Securities Depository (VPS) will receive a notification of the general meeting. This includes information on how to vote by proxy and the deadline to register their intention to attend the general meeting.
- The registration deadline for attendance by a shareholder is set as close to the date of the general meeting as possible.
- Shareholders who are not able to attend the general meeting in person may vote by proxy.

The annual general meeting approves the annual financial statements and annual report, the Board of Director's report and any dividend as proposed by the Board. The annual general meeting also approves the remuneration to the members of the Board, the Nomination Committee and the external auditor. The meeting agenda may also include authorization to purchase own shares, to increase the share capital, elect members of the Board, the Nomination Committee and the external auditor and any other matters listed in the notice of general meeting.

Minutes from general meetings will be made available at Fjordkraft's website immediately after the annual general meeting.

All shares has an equal right to vote at the general meetings. Resolutions at the general meetings are normally passed by simple majority (more than 50 %). However, Norwegian law requires a qualified majority for certain resolutions, including resolutions to waive preferential rights in connection with any share issue, approval of merger or demerger, amendment of the articles of association or authorization to increase or reduce the share capital. Such matters require the approval of at least two-thirds of the share capital represented at the general meeting.

Deviations from the Norwegian Code: The Code recommends that the Board of Directors, the Nomination Committee and the Company's auditor are present at the general meetings. Fjordkraft has not deemed it necessary to require all board members to be present at the general meetings. The Chairman of the Board, the Company's external auditor, the Chairman of the Nomination Committee, the CEO and other members of management are however always present at the general meetings.

7. Nomination Committee

Pursuant to the articles of association, the Company shall have a Nomination Committee that shall consist of at least three members, where the majority of the members are independent of the Board of Directors and the Company's executive management. The current members of the Nomination Committee are Lisbeth Nærø (Chairman), Jannicke Hilland and Knut Barland.

The annual general meeting elects the members of the Nomination Committee. The members of the Nomination Committee are normally elected for a term of two years.

The Nomination Committee submits its recommendations to the annual general meeting for the election of Board members and the Board's remuneration.

The general meeting has stipulated guidelines for the duties of the Nomination Committee, which are available at Fjordkraft's website.

All shareholders are entitled to propose candidates to the Board and the Nomination Committee through the Company's website.

Deviations from the Norwegian code: None

8. Corporate Assembly and Board of Directors: Composition and Independence

Corporate Assembly

As of today Fjordkraft has no corporate assembly. An agreement has been made between the Company and a majority of the employees that the Company shall not have a corporate assembly in accordance with the Norwegian Public Limited Liability Companies Act §6-35 (2).

Composition of the Board

The Board of Directors consists of 8 members, of which 5 are elected by the General Meeting and 3 are representatives of the employees. More than the minimum required 2 board members elected by the shareholders are independent of the Company's largest shareholders. The board members can be elected for a period of two years, but normally they are elected for a term of office with a duration of one year. The rationale behind this is that the shareholders are given the opportunity to re-evaluate each shareholder-elected member of the Board at a regular basis.

To ensure that the Board carries out its work in a satisfactory manner it shall at all times represent a sufficient diversity of background, competency and expertise. Fjordkraft's board will always consist of at least 40% females. Value creation for the shareholders of the Company will always be of highest priority to the elected board, both economically and reputationally speaking.

Independence of the Board

Operating as a collegiate body to promote value creation in the interests of the various stakeholders is key. The Board shall represent all stakeholders and not promote individual interests at the cost of the Company or any of its affiliates. Hence, the majority of the members elected to the Board is independent of the company's executive management and its main business connections. The rationale for this emphasis is that the interests of the shareholders will always be properly represented. When a board member has been in office for a continuous period it will be assessed whether this person can be seen as independent of the executive management or not.

Fjordkraft encourage the board members to hold shares in the Company to create a common financial interest between themselves and the shareholders.

The members of the Board, including their CVs, are presented in this Annual Report. The Board is of the opinion that it has sufficient expertise and capacity to perform its duties in a satisfactory manner.

Deviations from the Norwegian Code: None

The Board of Directors Fjordkraft Holding ASA 8th of March 2018.

9. The Work of the Board of Directors

The Board of Directors is responsible of creating an annual plan for their work in which they put emphasis on objectives, strategy and implementation. This includes instructions for their own work and instructions for the executive management; it shall always exist a clear internal allocation of responsibilities and duties. The Board is responsible of supervising the day-to-day management and activities in general. They will also delegate authority and nominate board committees when this is seen as expedient and more efficient. The Board is responsible for ensuring that the Group's activities are soundly organised and for approving all plans and budgets for the activities of the Group.

In the event of a matter of material character in which the Chairman of the Board is, or has been, personally involved, the consideration of this matter is chaired by another member of the Board to ensure impartiality in the decision process.

In accordance with the Norwegian Public Companies Act the Board has appointed an Audit Committee. More information about this can be found in section 15 - Auditor. The majority of the members of this committee shall be independent.

The Board of Directors has established a remuneration committee. The committee prepare items for consideration for the Board and their authority is limited to making such recommendations.

Once a year the Board of Directors evaluate their own performance and make sure that the mix of board members possess the competence and expertise necessary to govern the Company in a professional and appropriate matter. Details of any board committees appointed and/or newly appointed members of the Board is presented in the annual report.

Deviations from the Norwegian Code: None

10. Risk Management and Internal Control

It is the Board of Directors' responsibility that the Company has sound internal control, and systems for risk management that are appropriate in relation to Fjordkraft's activities. The Board shall on an annual basis review and approve risk management and internal control guidelines through the approval of instructions for risk management and internal control.

The Board has delegated the responsibility of monitoring and follow-up of the current risk exposure to the Executive Management. The CEO is responsible of ensuring that the instructions given in this document are followed. The CEO is also responsible for carrying out risk assessments from a business perspective.

The Company's CFO has the executive responsibility for management and follow-up of the Company's risk management and internal control.

Fjordkraft has established a three-line defence system. This comprise the first line, second line and third line.

- The first line consists of line managers who are risk owners. Division and staff managers are owners of risk in their division/staff and are responsible for risk assessment and measures being taken in their division/staff. It is the risk owner's responsibility to ensure adequate risk management and internal control within his or her area of responsibility.
- The second line consists of roles that have professional and methodological responsibility, but without responsibility of any profits. The Company's second line is responsible for facilitating and reporting the Company's processes for risk management and internal control. The risk management function is part of the second line and consists of Risk Manager, Finance Manager, Head of Security and Head of Power Trading.
- The third line consists of the internal audit function which reports directly to the Board's Audit Committee and performs control of both the first and second line.

The instructions for risk management and internal control define leading principles for Fjordkraft's comprehensive risk management, as well as internal control and apply to all parts of the business and all risk categories, including strategic-, market-, liquidity-, credit- and operational risk. Risks related to information security, compliance and corruption and fraud are part of operational risk.

The purpose of the instructions is to develop and maintain a framework for overall risk management, to set principles for risk reporting in the business, to create predictability about measures taken to deal with risk, and to ensure an appropriate and effective internal control system. The framework shall ensure uniform processes for identifying, measuring, managing and reporting significant risks. The instruction shall describe the limits for the different risks that Fjordkraft can and shall undertake to achieve its goals, and what roles the various functions has in relation to risk management. Furthermore, the instructions shall contribute to ensure that adequate internal control has been established.

The Board of Directors Fjordkraft Holding ASA 8th of March 2018.

Fjordkraft shall focus on building a strong risk- and internal control culture where employees are aware of their responsibility to ensure good risk management and internal control. As a result, internal control shall primarily be directed to areas where risks are identified. For the same reason, follow-up of key employees' compliance with the Company's ethical guidelines shall be through self-declarations rather than through regular controls.

Guidelines for risk management and internal control

In Fjordkraft, ISO31000 is the basis for our framework for risk management. This means that risk is to be understood as "the impact of uncertainty related to goals". Generally, this means that risk is to be understood as the effect of uncertainty related to Fjordkraft's strategy plan as approved by the Board of Directors, while risk on a staff- and division level is to be understood as uncertainty related to the achievement of goals defined in sub-strategies.

Fjordkraft has as a general principle that risk is not to be avoided, but taken consciously and controlled while optimizing it in relation to earnings. Fjordkraft shall work targeted with risk, and risk management shall be an integrated part of the Company's operational and strategic management.

Risk management strategy that supports the achievement of Fjordkraft's overall strategy is developed as an integrated part of the strategic plan and is included as a part of this.

Internal control in Fjordkraft shall be established at a reasonable and appropriate level, in line with Fjordkraft's values and risk willingness.

Risk willingness and limits

Risk willingness describes how much risk Fjordkraft can be willing to undertake to achieve goals within different categories of risk. A higher risk willingness within a category indicates that the Company shall exploit the risks actively, but at the same time is willing to be exposed towards these risks. Lower risk willingness indicates that Company seeks to limit exposure towards these risks. The risk willingness will not necessarily be constant and may change over time.

The CEO and the Company's first line shall make sure that its risk exposure is in line with the limits and guidelines provided. Violations of frameworks and guidelines shall be reported to the Board's Audit Committee.

The Board of Directors Fjordkraft Holding ASA 8th of March 2018.

Risk-based internal control

Fjordkraft shall have a risk-based approach towards the internal control work to ensure appropriateness and efficiency. This means that the internal control work shall, as far as possible, be in line with risks identified in connection with the Company's risk management process.

Risk and internal control reporting

A risk report shall be submitted to the Executive Management at least quarterly. The report shall clearly indicate the Company's most significant risks, as well as proposed measures to handle these. For the risk categories where there are given specific exposure limits, the report shall also include how these limits has been utilized.

In addition to the overall risk report, a monthly report shall be provided for credit risk, liquidity risk and market risk.

In connection with risk reporting, information on the status of measures decided by the Executive Management and/or the Board's Audit Committee to deal with risk shall also be provided.

The Risk Manager, together with the CEO, shall submit a risk report for all risk categories to the Board's Audit Committee at least annually. The report shall clearly identify the Company's most significant risks, as well as proposed measures, responsibilities and deadlines for handling this where relevant.

The various roles in the risk management function are also responsible for notifying the CEO if events and/or uncertainties occur which indicate that risk management activities shall be performed beyond regular frequency. If there is reason to believe that there may be conflict of interests related to the CEO's assessment and management of risk, the risk management function has the right and duty to report on significant risk directly to the Board's Audit Committee.

Each year, the Risk Manager shall compile a report to the Executive Management on the internal control work performed and the condition of the internal control system.

Financial reporting

The Board of Directors and the Executive Management are responsible for establishing and maintaining adequate internal control related to financial reporting. The process of internal control over the financial reporting is supervised by the Chief Financial Officer. The process is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's financial statements.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The Audit Committee monitors financial reporting and its related internal controls, including application of accounting principles, estimates and judgments.

The Group has a monthly reporting process where the financial results are presented and reviewed in a management report. Extended controls are carried out as part of the quarterly and year-end reporting processes.

The Board is of the opinion that the Group has sufficient expertise to perform proper and efficient financial reporting in accordance with IFRS and the Norwegian Accounting Act.

Deviations from the Norwegian code: None

11. Remuneration of the Board of Directors

Remuneration paid to the members of the Board is decided annually at the general meeting, based on a proposal from the Nomination Committee. The remuneration shall reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. The fee paid to the members of the Board is fixed for the year and dependent on the role the member has on the Board, and is not linked to the Company's performance. The remuneration paid to each member of the Board is disclosed in the notes to the financial financial statements in the annual report.

Members of the Board of Directors and/or companies they are associated with shall ordinarily not take on specific assignments for Fjordkraft in addition to fulfilling their responsibilities as a member of the Board. In such events it shall be disclosed to the full board, and any remuneration for such additional assignments must be approved by the Board.

Deviations from the Norwegian Code: None

The Board of Directors Fjordkraft Holding ASA 8th of March 2018.

12. Remuneration of the Executive Management

The Board has established guidelines for the remuneration to the members of the Executive Management. It is a policy of the Company to offer the Management competitive remuneration based on current market standards, and company and individual performance. The remuneration consists of a basic salary element combined with a performance-based bonus program. The Management is covered by the Company's insurance policies and each member is entitled to certain fringe benefits, such as a fixed car benefit.

The CEO may terminate employment with the Company on 6 months' written notice and the other members of Management may terminate their employment with the Company on 3 months' written notice. The CEO is entitled to severance payment for a period of 12 months following termination of employment.

In accordance with the Norwegian Public Limited Liability Companies Act, the Accounting Act and in line with the NCGB Code of Practice the details of the remuneration is disclosed in the notes to the financial statements. The compensation to be paid shall be understandable and meet general acceptance from relevant stakeholders.

Deviations from the Norwegian Code: None

13. Information and Communication

All reporting of financial and other information is based on openness and takes into account the requirement for equal treatment of all participants in the securities market. The Board of Directors establish guidelines for the presentation of this information. A financial calendar and shareholder information is published at Fjordkraft's webpage, available at www.fjordkraft.no. All communication with regards to investor relations is reported at the company's website, including quarterly reports, analyst reports, public presentations and payment date of any dividends.

Information shared with the company's shareholders is published on Fjordkraft's websites at the same time as it is sent to the shareholders.

Deviations from the Norwegian Code: None

The Board of Directors Fjordkraft Holding ASA 8th of March 2018.

14. Take-overs

Fjordkraft's articles of association does not contain any restrictions on the negotiability of its shares, nor will the Board seek to hinder or obstruct any public bid for the Company's activities or shares unless there are particular reasons for doing so.

In the event of a take-over bid the Board of Directors will issue a statement to the shareholders where they make a recommendation as to whether shareholders shall or shall not accept the offer. This statement shall include a valuation from an independent expert, including detailed explanations.

There are no established guidelines for dealing with take-over bids, as recommended by the Norwegian code.

Deviations from the Norwegian code: None

15. Auditor

In accordance with Norwegian law, the Board of Directors delegate authority to an Audit Committee whom will pre-approve the external auditor's plan for the audit. The auditor presents the main features of the plan for the execution of the audit, to the Audit Committee, each year.

The Audit Committee is once a year, at least, presented a review of the Company's internal control procedures, and the auditor reports any identified weaknesses and other areas of improvement.

The auditor is invited to participate in meetings held by the Board when annual accounts are being discussed, and attends every meeting held by the Audit Committee. When the annual report is approved by the general meeting the auditor is present and will report on any material changes in the Company's accounting principles and material accounting estimates. The auditor will also report on any material matters in which there has been disagreement between Fjordkraft's executive management and the auditor.

Once a year, at least, the Board of Directors holds a meeting with the auditor where neither the CEO nor any other member of the executive management are present.

The Board of Directors Fjordkraft Holding ASA 8th of March 2018.

There are guidelines established by the Board of Directors with respect of the use of the auditor for non-audit services by the Company. This is intended to contribute to greater awareness of the auditor's independence for the Company's executive management.

Remuneration paid to the auditor is reported by the Board at the annual general meeting. This includes details of the fee paid for the audit itself, as well as any fees paid for other specific assignments. The remuneration paid is also disclosed in the notes of the Company's financial statements.

Deviations from the Norwegian code: None

The Board of Directors Fjordkraft Holding ASA 8th of March 2018.