

Approved at the general assembly on 27 February 2018

## **Statement of Executive Compensation Fjordkraft Holding ASA 2017**

This statement of executive compensation has been prepared by the Fjordkraft Holding ASA corporate board pursuant to section 5-6, third paragraph of the Public Limited Liability Companies Act.

The statement of executive compensation is processed at the general assembly pursuant to the Public Limited Liability Companies Act section 5-6, third paragraph.

Fjordkraft Holding ASA is a public limited liability company that holds 100 percent of the shares in Fjordkraft AS. Fjordkraft Holding ASA has no employees. Managing employees in Fjordkraft AS will through a management agreement with Fjordkraft AS also perform managing roles in Fjordkraft Holding ASA. The corporate board of Fjordkraft Holding ASA and the board of Fjordkraft AS both consist of the same board members.

### **1. THE COMPENSATION COMMITTEE**

Section 13 of the company statutes concerns the creation of a compensation committee and states that the board shall determine further instructions for the work of the compensation committee. Guidelines for the work of the compensation committee were adopted in the board meeting on 13/02/2018.

The Committee members and chairman shall be appointed and replaced by the board. The Committee shall be made up of three members. The majority of the Committee members shall be independent of company management. Members of company management may not be members of the Committee.

The Committee chairman shall be elected among the Committee members who are independent of company management. The company HR director will be the Committee secretary.

Fjordkraft Holding ASA was established on 15/12/2017, and the company will be establishing a compensation committee tasked with developing management compensation policy. It is up to the compensation committee to determine the future corporate strategy in this area. The corporate board of Fjordkraft Holding ASA ("Fjordkraft") considers the employees to be the group's most important resources. It is therefore essential for the company to adopt a competitive wage policy to recruit and retain skilled employees. The group has established guidelines involving several personnel policy conditions associated with wages and pension, working environment, development programmes and more traditional employee benefits.

### **2. BASIS FOR THE EXECUTIVE COMPENSATION POLICY**

The executive compensation guidelines are determined by the corporate board following recommendations from the compensation committee. The Fjordkraft president and corporate management are directly covered by the guidelines. The guidelines are also normative for the wages of other managing employees and management teams in the divisions.

### **3. APPLICATION PERIOD OF THE STATEMENT**

The statement of executive compensation generally applies to the next fiscal year, see section 6-16 a) (2) of the Public Limited Liability Companies Act, but because the company has recently been founded and the compensation committee will be appointed, this statement of executive compensation covers the fiscal year of 2017 for discussion at the general assembly on 27 February 2018. Future strategy for executive compensation will be determined following recommendations from the newly appointed compensation committee.

### **4. CORE PRINCIPLES OF THE COMPANY'S EXECUTIVE COMPENSATION POLICY**

The Fjordkraft board considers its employees to be the company's most important resource and is concerned with the company offering competitive terms to attract and retain skilled employees.

The wage policy at Fjordkraft should provide motivation to achieve the objectives of the company. The wage system should contribute to recruiting, retaining and developing skilled employees.

The corporate board regularly assesses the executive compensation policy of the group to ensure that the pay packages offered our managers are fair, balanced and competitive.

#### **4.1. FIXED SALARY**

The fixed salary (annual gross salary before tax and before calculation of variable salary and other additional benefits) shall be the main element of the managers' compensation.

#### **4.2. REMUNERATION OF BOARD MEMBERS**

Employees in the Fjordkraft group will not receive remuneration for board roles taken on as part of their work in the group. Employee-appointed board members in Fjordkraft AS and Fjordkraft Holding ASA are exempt from this rule.

#### **4.3. PAYMENT IN KIND AND OTHER SPECIAL ARRANGEMENTS**

Managing employees will generally receive payment in kind in line with market practices, such as mobile phone, laptop, newspapers, company car or car allowance and parking. There are no specific restrictions on which other benefits may be agreed. The managing director is covered by the free company car arrangement.

Group life insurance and accident/occupational insurance is offered in accordance with Fjordkraft's ordinary arrangement.

Fjordkraft offers a loan arrangement to all permanent employees. The loan amount is limited to NOK 800,000. The personnel loan interest rate is proximate to the prevailing limit for benefit taxation for such loans. Proximate means the interest rate for benefit taxation with a mark-up of up to 1 percentage point.

#### **4.4. SHORT-TERM INCENTIVES**

In the board meeting on 19 June 2017, the Fjordkraft board decided that the managing director of Fjordkraft would receive a NOK 100,000 bonus earned during 2016 in addition to the general salary. Holiday money is paid on the bonus.

All Fjordkraft employees, with the exception of the managing director for Fjordkraft AS, are covered by the collective performance-related pay scheme. The managing director is not covered by the arrangement because there should not be no questions regarding the ability to influence the KPIs. The applicably maximum limit for the collective performance-based pay per year is NOK 46,000 before tax for fulltime employees. The administration will manage the arrangement within the limits set by the board.

#### **4.5. LONG-TERM INCENTIVES**

Following quotation, the board will consider a long-term share-based incentive programme.

### **5. PENSION PLANS**

The managing director and other managing employees are part of the collective pension scheme for Fjordkraft. Fjordkraft has a defined benefit pension scheme. The pensionable income is calculated based on a fixed annual salary including fixed annual bonuses and is maximised to 12 times the basic amount in the National Insurance. The annual pension premium is covered by the members paying 2 % of their pensionable income as a deduction of pay, and the rest of the premium is paid by the employer.

In addition, the managing director receives an additional salary that constitutes 18 percent of the general salary over 12 G. The additional salary can be used for supplementary private pension savings. Fjordkraft may unilaterally amend or remove this arrangement following 12 months' notice.

### **6. SEVERANCE SCHEMES**

If the company decides to discontinue the employment relationship, the managing director will receive wages and other benefits for 12 months following the resignation, however, the compensation will be reduced in relation to any other income received during the period.

Mutual notice for the position is six months from the first of the month following notice.

The Fjordkraft Holding ASA corporate board