

GUIDELINES ON THE REMUNERATION

of senior executives



bouvet

WE LEAD THE WAY AND BUILD
TOMORROW'S SOCIETY



With effect from 1 January 2021, section 6, subsection 16a of the Norwegian Public Limited Companies Act requires the board of directors of Bouvet ASA (hereafter the board) to prepare guidelines on the remuneration of senior executives (hereafter the guidelines). The board has ultimate responsibility for these guidelines.

1 Purpose and goal

The purpose of the guidelines is to serve as a framework for the remuneration of senior executives, which help Bouvet ASA (hereafter the group) to achieve its business strategy, protect its long-term interests and maintain and develop its financial sustainability.

Since the guidelines must accord with the principles of good corporate governance, pay policy will be transparent, comprehensible and generally accepted within the group, by shareholders and by society as a whole.

The purpose of remuneration offered to the group's senior executives (as defined here) in accordance with these guidelines is to attract executives with the experience and expertise required by the group, retain employees who possess important expertise and management qualities, and motivate the executive management through incentives to contribute in the long term to reaching the group's commercial goals.

Overall, the remuneration offered to the group's senior executives must be competitive with the terms on offer in those companies which provide a natural comparison in the business pursued by the group.

To meet these goals, the group is dependent on recruiting and retaining the right employees. Its principles for pay and other remuneration of senior executives will contribute to this. The terms aim to be balanced with regard to experience, responsibility and performance.

The group's basic position is that the level of fixed pay will be moderate, with few benefits in kind, but that it will be possible to achieve a profit sharing which ensures that the total compensation is competitive.

These guidelines relate to the determination of pay and other remuneration of the chief executive, other senior executives and employees who sit on the board. "Leading officers" mean people specified in section 7, subsection 31b of the Norwegian Accounting Act – in other words, senior executives and directors. "Senior executives" mean the chief executive and other members of the corporate executive management.

2 Remuneration of directors

Directors receive a fixed annual fee. In addition, they have their travel expenses covered in connection with board meetings in accordance with the government scale for such expenses.

Directors receive no other form of remuneration from the group beyond that.

3 Pay and remuneration offered to the group's senior executives

Pay and remuneration offered by the group to senior executives comprise fixed pay, benefits, annual profit-sharing, participation in the share programme for employees, benefits in kind and a defined-contribution pension scheme.

The main principles for pay and other remuneration are as follows.

- Pay for the chief executive and other members of the executive management team is provided in the form of a fixed basic pay and a variable component in the form of profit sharing.
- The total of basic pay, profit sharing, benefits in kind and defined-contribution pension comprises the total compensation received by the employee for their efforts.
- The scope of the variable component of the compensation depends on how far specified financial targets are met.
- Participation in the employee share programme involves subscribing to shares, which gives the employee an allocation of shares free of charge if the employee retains the purchased shares for three years and is still employed by the group.
- The total remuneration offered will be competitive in relation to comparable jobs and the market.

The group has established a dedicated compensation committee, which provides advice on the guidelines for determining the remuneration of the chief executive and on the group's share programme and profit sharing in order to implement the group's pay and remuneration policy. The compensation committee consists of two directors.

3.1 Determination of pay and remuneration for the chief executive

The board, in consultation with the compensation committee, determines remuneration for the chief executive.

The fixed pay received by each senior executive in the group is entrenched in existing contracts of employment. This pay is determined annually, and individual adjustments are made in line with trends in the local job market.

3.2 Determination of pay and remuneration for other members of the corporate executive committee

The board establishes the guidelines for remuneration of other members of the corporate executive management, in collaboration with the chief executive. The fixed pay received by each senior executive in the group is entrenched in existing contracts of employment. This pay is determined annually, and individual adjustments are made in line with trends in the local job market.

3.3 Profit sharing

As part of their contract of employment, senior executives in the group have the right to participate in the group's annual profit sharing scheme. This variable remuneration is cash-based and triggered for each employee on the basis of collective group goals intended to encourage sharing and collaboration across the group in order for people to stretch towards achieving Bouvet's vision and to develop and deliver on the group's values, ambitions and long-term goals.

The profit sharing is calculated on the basis of the group's accumulated profit and turnover, and is activated when the group's accumulated financial results are positive. Beyond that point, the amount concerned comprises a percentage which rises in line with the increase in profits.

Profit-related remuneration is limited to a maximum of 50 per cent of fixed annual pay, and is paid in May of the following year to the senior executives who are not under notice.

3.4 Benefits in kind

The group's pay policy also includes various employee benefits. These include telephone, laptop and broadband on the same terms as for the rest of the employees. These benefits are associated with the employment relationship and will cease when that relationship ends.

Benefits offered accord with normal practice in the local job market, and represent only a modest proportion of the total remuneration.

The chief executive and other members of the corporate executive management receive benefits in kind on the same terms as the rest of the employees. The chief executive and other members of the corporate executive management receive no benefits in kind beyond that.

3.5 Bonus shares

Bouvet does not have share-based remuneration for senior executives, but conducts an annual share programme for employees who are not under notice and who started their job at the latest on the first day of the month when the offer is paid. The offer to the chief executive and other members of the corporate executive management to purchase shares and be awarded bonus shares is the same as that made to the rest of the employees.

Participation in the share programme for employees, which involves subscribing to shares, gives the chief executive and other members of the corporate executive management the opportunity to be awarded shares free of charge providing the employee retains the purchased shares for three years and is still employed as a contributor to the group's value creation and long-term prospects.

3.6 Pension

The group's pension provision comprises a collective defined-contribution pension plan covering all employees. The plan is a key component in the group's pay policy, also with a view to retaining and recruiting qualified executives. The group's pension plan is competitive but not market leading. In line with the rest of the employees, the chief executive and other members of the corporate executive management are covered by a defined-contribution pension plan which currently has the following contribution profile: five per cent of pay between 0 and 7.1 times the National Insurance base rate (G), and 10 per cent of pay between 7.1 and 12 G.

All new senior executives will be included in the pension plan.

No agreements have been entered into on supplementary pension for the chief executive or other members of the corporate executive management.

4 Payments related to dismissal

The chief executive and other members of the corporate executive management have the same employment terms and period of notice as the rest of the employees. No agreements have been entered into on termination benefits or severance pay. The chief executive is entitled to three months notice. No special termination conditions apply for the chief executive.

The board can require the chief executive and members of the corporate executive management to leave their post with immediate effect and/or be reassigned for the duration of their period of notice. The group will pay compensation in accordance with general terms for contracts of employment in Norway during the period of notice.

5 Procedures

The board is responsible for presenting proposed guidelines to the group's general meeting. The board must take the necessary steps to avoid conflicts of interest.

The general meeting votes on and approves or rejects the board's proposal. The guidelines become valid when they are adopted by the general meeting. Any significant changes to the guidelines must be considered by the general meeting. The approved guidelines are valid until new guidelines are adopted by the general meeting or until the expiry of the four-year limit specified in section 6, subsection 16a (5) of the Norwegian Public Limited Companies Act.

The board is responsible for disbursement of pay and other remuneration in accordance with the approved guidelines. The board is directly responsible for determining the chief executive's pay and remuneration in accordance with the approved guidelines.

Determination of the chief executive's pay and remuneration is considered by the compensation committee before consideration by and the formal decision of the board.

The chief executive, in consultation with the chair, is responsible for determining pay and remuneration for the rest of the group's corporate executive management in accordance with the approved guidelines.

The board is responsible for publishing the group's applicable guidelines on the group's website.

Payments for the year to senior executives and directors are accounted for in a separate note to the annual financial statements.

6 Temporary deviation from the guidelines

In special circumstances, the board can temporarily deviate from the guidelines. That applies to section 3 on pay and remuneration and section 4 on payments related to dismissal.

- if extraordinary reasons exist for deviating from the guidelines in individual cases
- deviation from the guidelines is necessary in order to safeguard the group's long-term interests
- such deviation is necessary in order to safeguard the group's financial interests.

Proposals on deviating from the guidelines must be considered by the board's compensation committee before consideration by and the formal decision of the board.

bouvet

