

REPORT ON REMUNERATION

of senior executives



bouvet

2021

|

WE LEAD THE WAY AND BUILD
TOMORROW'S SOCIETY

1 Purpose

This report has been produced in accordance with the requirements of section 16, subsections 16a and 16b of the Norwegian Public Limited Companies Act and Bouvet's remuneration policy for senior executives approved by the general meeting of 20 May 2021. The purpose of the report is to describe how the guidelines have been applied during 2021 in order to ensure transparency related to Bouvet's main principles for determining pay and other remuneration of senior executives and insight into the actual remuneration of senior executives in Bouvet. In addition, the report will contribute to ensuring that the remuneration arrangements accord with Bouvet's values, long-term goals and results.

2 Application of the guidelines on remuneration of senior executives in 2021

Bouvet ASA observed the guidelines for remuneration of senior executives in 2021 as approved by the general meeting on 20 May 2021. Overall remuneration accorded with the guidelines for directors' fees and for the total remuneration of senior executives. The procedure for determining the remuneration of senior executives was complied with, and the main principles for pay and other remuneration for the chief executive and other members of the corporate executive management form the basis for the total remuneration.

No deviations occurred during the year. The guidelines for remuneration of senior executives are available at bouvet.no.

3 Remuneration of directors

At the annual general meeting of 20 March 2021, three sitting directors were re-elected and two new directors were elected.

At 31 December 2021, the board comprised five directors, including two women and three men.

Directors receive an annual fee. These fees are fixed and not profit-related. 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 form of remuneration from the group beyond that. Directors do not receive separate remuneration for participation in other committees.

The general meeting determines directors' fees on the basis of a proposal from the nomination committee. On that basis, fees were adjusted as shown in the table below.

Table 1. Directors' fees (NOK)

	FIXED ANNUAL FEE		
	2021/2022	2020/2021	INCREASE %
Chair	350 000	300 000	17%
Deputy chair	200 000	175 000	14%
Director	175 000	150 000	17%

The table below presents the total remuneration paid to each director in 2021.

Table 2. Remuneration of directors (NOK)

	FIXED REMUNERATION, DIRECTORS' FEES	TOTAL REMUNERATION
Pål Egil Rønn, chair	350 000	350 000
Tove Raanes, deputy chair	200 000	200 000
Egil Dahl, director	175 000	175 000
Sverre Hurum, director	175 000	175 000
Lill Hege Hals, director	175 000	175 000

Directors do not receive options.

Table 3. Shareholdings by directors at 31 December 2021 (number of shares)

NAME, POSITION	NUMBER OF SHARES			
	31 DEC 2020	PURCHASED	SOLD	31 DEC 2021
Pål Egil Rønn, chair	50 000			50 000
Tove Raanes, deputy chair	8 950			8 950
Egil Dahl, director	2 035 020		-407 000	1 628 020
Sverre Hurum, director	3 871 250		-292 190	3 579 060
Lill Hege Hals, director	0			0

4 Remuneration of the executive management

Remuneration of the executive management comprises:

- fixed pay
- variable remuneration
 - profit sharing
 - benefits in kind
 - pension
 - in addition, senior executives have the opportunity to participate on the same terms as the group's employees, managers and sales personnel in the group's share programme for employees and will in that context receive bonus shares.

Pay and other remuneration for senior executives will be determined on the basis of an overall goal that Bouvet is to realise its business strategy, protect its long-term interests and maintain and develop its financial sustainability. To achieve these goals, Bouvet is dependent on recruiting and retaining the right employees. Bouvet's principles for pay and other remuneration for senior executives will contribute to this, while simultaneously encouraging collaboration and fellowship across the group.

The table below presents remuneration for senior executives compared with the 2020 financial year.

Table 4. Remuneration of the executive management (NOK)

		FIXED REMUNERATION, FIXED PAY	VARIABLE REMUNERATION				TOTAL REMUNERATION	PERCENTAGE FIXED AND VARIABLE REMUNERATION	
			PROFIT SHARING	BONUS SHARES ¹	BENEFITS IN KIND	PENSION COST		FIXED %	VARIABLE %
Per Gunnar Tronsli, CEO, from 1 Jan 2021	2021	3 092 614	659 181	127 529	10 569	86 881	3 976 774	78%	22%
	2020						0		
Erik Stubø, CFO, to 30 Jun 2021	2021	1 108 246	936 851		5 664	48 939	2 099 700	53%	47%
	2020	2 663 063	929 244		11 252	72 443	3 676 002	72%	28%
Trude Hole, CFO, from 1 Jul 2021	2021	1 015 230		127 529	7 159	29 498	1 179 416	86%	14%
	2020						0		

¹ Bonus shares are shares awarded free of charge after the share programme has run for three years.

In consultation with the compensation committee, which comprises two directors, the board determines remuneration for the chief executive. The board establishes the guidelines for remuneration of other members of the corporate executive management, in collaboration with the chief executive. The basis for such determination is that the total remuneration offered must be competitive in relation to comparable positions and the market, and that profit sharing is limited to a maximum of 50 per cent of fixed annual pay. The share of profit paid in May 2021 was based on the financial results achieved in the 2020 financial year and paid in May 2021 to senior executives who were not under notice.

A change of CEO was implemented on 1 January 2021, and of CFO on 1 July 2021. Their remuneration was determined on the basis of the main principles for pay and other remuneration as described in the guidelines for senior executives, which are available on bouvet.no, and no deviation occurred in relation to individual terms in connection with the changes to senior executives.

4.1 Fixed pay

Fixed pay is the annual basic pay, which was adjusted in May 2021 or in connection with changes in the type of position during 2021. The table shows fixed pay earned in 2021 including holiday pay.

4.2 Variable remuneration

The group does not have remuneration related to performance criteria, and has no opportunity to reclaim variable remuneration.

4.2.1 Profit sharing

Profit sharing is cash-based and triggered for the individual senior executive 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.

A change of CEO was implemented on 1 January 2021, and of CFO on 1 July 2021, with both Per Gunnar Tronsli and Trude Hole moving from other roles in Bouvet. This is reflected in the bonus paid in 2021, which was based on results and type of position in the 2020 financial year.

4.2.2 Benefits in kind

Benefits in kind include insurance, mobile phone and subscription, broadband and so forth, and are provided on the same terms as for the rest of the employees. The chief executive and the other members of the corporate executive management receive no other benefits in kind beyond that.

4.2.3 Bonus shares

Bouvet does not have share-based remuneration for senior executives, but conducts an annual share programme for employees where senior executives have the opportunity to participate on the same terms as the rest of the organisation's employees.

Participation in the employee share programme involves subscribing for shares which entitle the employee to receive additional shares free of charge if the employee retains their purchased shares for three years and remains employed by the group.

Table 4. Shareholdings by senior management at 31 Dec 2021 (number of shares)

NAME, POSITION	NUMBER OF SHARES			
	31 DEC 2020	PURCHASE	SALE	31 DEC 2021
Per Gunnar Tronsli, CEO from 1 Jan 2021 ¹	64 220	2 258		66 478
Trude Hole, CFO from 1 Jul 2021	19 770	2 258		22 028

¹ In addition, related parties to Per Gunnar Tronsli own 6 120 shares in Bouvet ASA

4.3 Pensions

The chief executive and other members of the corporate executive management are covered on the same terms as the rest of the employees by a defined-contribution pension plan, limited upwards to 12 times the National Insurance base rate (G). No agreements have been entered into on supplementary pension for the chief executive or other members of the corporate executive management.

5 Annual change in remuneration and group profit

A summary of developments in senior executive remuneration, the group's performance and employee remuneration over the five-year period from 2017-21 is provided in the table below.

Table 5. Comparative figures for remuneration and group performance over the past five reported financial years (RFY)

ANNUAL CHANGE	2017		2018		2019		2020		2021	
	TOTAL REMUNERATION	ANNUAL CHANGE	TOTAL REMUNERATION	ANNUAL CHANGE	TOTAL REMUNERATION	ANNUAL CHANGE	TOTAL REMUNERATION	ANNUAL CHANGE	TOTAL REMUNERATION	ANNUAL CHANGE
REMNERATION FOR SENIOR EXECUTIVE										
Sverre Hurum, CEO, to 31 Dec 2020 ¹	3 627 119	6%	4 052 073	12%	4 494 686	11%	4 738 191	4%		
Per Gunnar Tronsli, CEO, from 1 Jan 2021									3 976 774	IA
Erik Stubø, CFO to 30 Jun 2021	3 110 564	6%	3 425 256	10%	3 626 686	6%	3 676 002	1%	3 847 009	5%
Trude Hole, CFO, from 1 Jul 2021									2 227 665	IA
Consolidated financial results (NOK 1 000)										
Operating revenue	1 607 353	21%	1 846 711	15%	2 132 052	15%	2 401 844	13%	2 695 124	12%
Operating profit (EBIT)	144 137	36%	191 562	33%	232 051	21%	314 559	36%	340 086	8%
Employees	1 215	11%	1 369	13%	1 557	14%	1 656	6%	1 841	11%
Average remuneration divided by full-time equivalent jobs										
Group employees (Norway and Sweden) ²	838 305	3%	847 302	1%	876 137	3%	911 425	4%	967 222	6%

¹ Sverre Hurum is included for comparative purposes.

² The difference in average pay growth for employees in 2018 and 2019 compared with the corporate executive management was partly influenced by the increase in the number of employees and the rising proportion of newly graduated employees in the group.

6 Declaration by the board of directors

The board has today considered and approved the remuneration report for Bouvet ASA for the 2021 financial year. The remuneration report has been prepared in accordance with section 6, subsection 16b of the Norwegian Public Limited Companies Act and regulations issued pursuant to this provision.

The remuneration report will be submitted to the general meeting on 19 May 2022 for a final decision.

Oslo, 7 April 2022
The board of directors of Bouvet ASA

Sign.

Pål Egil Rønn
Chair of the board

Sign.

Tove Raanes
Deputy chair

Sign.

Sverre Hurum
Director

Sign.

Lill Hege Hals
Director

Sign.

Egil Christen Dahl
Director

Sign.

Per Gunnar Tronsli
President and CEO



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INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of Bouvet ASA

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Bouvet ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 7 April 2022
ERNST & YOUNG AS

Leiv Aschehoug
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

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bouvet

