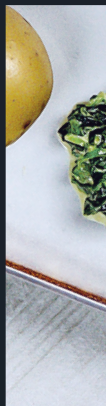


# REMUNERATION REPORT 2021



# Main developments in 2021

## Financial summary 2021

The Group's vision is to be the leading and most profitable global supplier of sustainable, high-quality seafood by means of an efficient and sustainable value chain. In 2021, the Group strengthened relationships with key strategic customers and intensified a number of initiatives, including within organisational development, in order to ensure that the Group is making progress towards achieving its goals.

Demand for seafood has been affected by COVID-related restrictions in recent years. In 2020, Lerøy experienced a substantial fall in demand for its main products and lower earnings. Demand gradually recovered in 2021, generating a significantly higher level of activity and slightly better earnings for the Group.

Group revenue was up 16% from NOK 20.0 billion in 2020 to NOK 23.1 billion in 2021. The Group's return on capital employed and operating profit/loss before fair value adjustment of biomass are important metrics for return and earnings. Return on capital employed before fair value adjustment increased from 10.5% in 2020 to 12.4% in 2021. Operating profit before fair value adjustment was up from NOK 1,950 million in 2020 to NOK 2,519 million in 2021. Operating profit before fair value adjustment of biomass saw an increase in all the Group's operating segments.

The operating profit from the Group's whitefish operations before biomass adjustment saw an increase from NOK 205 million in 2020 to NOK 340 million in 2021 due to increased quotas, increased demand and improvements in operational efficiencies.

Operational improvements increased the Group's harvest volume of salmon and trout from 171,000 tonnes to 187,000 tonnes. This increase, combined with higher prices realised, generated a boost in operating profit before biomass adjustment from NOK 1,381 million in 2020 to NOK 1,768 million in 2021.

The Group's VAPS&D segment achieved a significant increase in activities in 2021. Revenue for the segment was up 16% from NOK 18.9 billion in 2020 to NOK 22.0 billion in 2021. A number of factories were opened in 2021, negatively impacting profitability. Despite this, the segment reported good growth in earnings and operating profit before biomass adjustments, up from NOK 475 million in 2020 to NOK 630 million in 2021.

## Development in remuneration of board members

At the Annual General Meeting in 2021, board members Britt Kathrine Drivenes, Didrik Munch and Karoline Møgster were re-elected for a period of two years. As such, there were no changes in board composition. The Board of Directors is made up of seven members, one of whom is the employee representative.

The Annual General Meeting in 2021 upheld the remuneration of board members, adopting remuneration of NOK 400,000 for the Chairman of the Board and NOK 250,000 for other board members. Remuneration is not paid to the Chairman of the Board in the form of directors' remuneration subject to reporting. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees related to the role of working Chairman

of the Board, by the Group's ultimate parent company, Laco AS, where the Chairman is CEO.

The Board of Directors has a subcommittee: the Audit Committee. Didrik Munch is the chair of the Audit Committee and Britt Kathrine Drivenes is a member. The volume of work for the Audit Committee has increased significantly in recent years, and the Annual General Meeting in 2021 made the decision to increase remuneration of the Audit Committee's chairman to NOK 100,000 and to increase remuneration of the committee member to NOK 70,000. This compensation is additional to directors' remuneration. The previous remuneration for both members of the Audit Committee was NOK 50,000.

Lerøy Seafood Group ASA has a Nomination Committee. This has three members, and no changes were made

in 2021. The Annual General Meeting in 2021 made the decision to change remuneration of the Nomination Committee from NOK 35,000 to NOK 45,000 per member.

## Development in remuneration of Group management

The Group management has expanded in recent years. Until 2019, the Group management comprised three members: CEO, COO Farming and CFO. At the start of 2019, two new positions were added: COO VAPS&D and CHRO.

In January 2021, Bjarne Reinert was appointed COO Farming, when Stig Nilsen moved to a different position in the Group after 10 years as COO Farming. There were no other changes in the Group management in 2021.

	2021	2020	2019	2018	2017
Revenue (NOKm)	23,073	19,960	20,427	19,838	18,624
Growth in revenue (%)	16 %	-2 %	3 %	7 %	8 %
EBITDA before fair value adj. of biomass (NOKm)	3,778	3,109	3,746	4,288	4,300
EBIT before fair value adj. of biomass (NOKm)	2,519	1,950	2,734	3,569	3,717
Pre-tax profit before fair value adj. of biomass (NOKm)	2,453	1,869	2,718	3,697	3,805
ROCE before fair value adjustment	12.4%	10.5%	15.5%	22.3%	25.8%
No. full-time equivalents	4953	4293	4361	4589	4298
Average salary based on full-time equivalents	540	561	537	468	456

# Remuneration principles and framework

The Annual General Meeting in May 2021 adopted the Group's Guidelines for stipulating salaries and other remuneration of persons in senior positions. The Guidelines can be found on the Group's website at [www.leroy.no](http://www.leroy.no) and are described in brief below. The Guidelines steer remuneration of the Group management and the Board of Directors.

The main principle for executive pay in Lerøy is that the Group shall attract and retain talented managers without being wage leaders. The variable element of salary shall not represent such a large share of the total salary that this may result in unfortunate incentives and short-termism at the cost of the Group's objectives.

Lerøy's values – open, honest, responsible and creative – shall lay the foundations for the Group's daily operations, but also for the perpetual, strategic business development required to achieve its vision of being the leading and most profitable global supplier of sustainable, high-quality seafood.

Being a leading player in a global industry and safeguarding the Group's long-term interests are closely linked to the company's ability to recruit, develop and retain senior executives. Lerøy's people are the most important resource for the Group. Lerøy shall be a recognised and attractive employer

in the seafood industry, with the capacity to attract employees with the appropriate competencies. It is important that the Group succeeds in building a learning and dynamic organisation where employees are happy and develop, so that they work together to meet our customers' needs. Lerøy has established a remuneration scheme intended to stimulate achievement of goals and at the same time promote good risk management and help prevent conflicts of interest. The Group's long-term interests and financial capacity shall be safeguarded.

## Remuneration of members of the Board of Directors.

Remuneration of the board members is proposed by the Group's Nomination Committee and adopted by the Annual General Meeting in accordance with section 6-10 of the Public Limited Liability Companies Act. The board members do not have a scheme for allocation of options to purchase shares in the Group. The current working Chairman of the Board does not receive remuneration in the form of directors' remuneration subject to reporting. The company is invoiced for the services of the Chairman and for consultancy fees by the Group's ultimate parent company, Laco AS, where the Chairman is CEO.

## Remuneration of executive personnel.

Remuneration of the Group CEO is determined annually by the Chairman of the Board according to a mandate issued by the Board. Remuneration of the individual members of the Group management is determined by the CEO in consultation with the Chairman of the Board. The Board of Directors is subsequently informed of the decision.

General schemes for payment of variable benefits, including bonus schemes, are established by the Board of Directors. The Group CEO allocates such incentive schemes and other benefits to the Group's senior executives within the boundaries established by the Board. The Board does not have a remuneration committee.

Regarding remuneration of senior executives, the company mainly focuses on fixed salary as an instrument, and only uses variable remuneration other than bonuses to a limited degree. Executive pay shall be competitive, so that the company is able to attract and retain the most talented managers. The fixed remuneration of senior executives shall include:

### Base salary:

Base salary is established on the basis of the responsibilities, complexity, competencies and length of service for the position. The base salary is normally the main element of executive pay.

### Bonus scheme:

In principle, bonuses are a form of profit sharing, where members of management are remunerated for their contribution to the company's long-term earnings and development. The purpose of Lerøy's bonus scheme is to stimulate continuous development of Lerøy's value creation, growth and results, as defined in the company strategy.

Assessment of bonus payments is carried out every year based on a comprehensive discretionary evaluation of five components: the executive's value creation, efforts, results, values, and attitudes and conduct, all in relation to the defined goals, tasks and available resources implied in the position.

At the end of the measurement period, a decision is made regarding the extent to which the criteria for a bonus payment have been met. This evaluation shall be based on an assessment of the criteria as described above and in the bonus schemes for senior executives.

Bonus payments to persons in senior positions may comprise up to one year's salary.

The company does not have any scheme for reclaiming variable remuneration. The Board of Directors has the right to make changes to or terminate the bonus scheme on a yearly basis.

### Other remuneration

#### • Pension schemes:

Lerøy Seafood Group ASA has a defined-contribution pension scheme according to the Act relating to mandatory occupational pensions. The base for premium payments is capped at maximum 12G (G is the national insurance base amount) per year. Senior executives in the Group are members of the company's collective pension scheme up to the Group's in-house retirement age, which is 70, and do not have separate agreements that include early retirement or supplementary pensions. The company may, however, enter into such agreements in the future.

#### • Severance pay:

In principle, the company does not make use of severance pay apart from salary during the period of notice for the number of months stipulated in the provisions of the Working Environment Act. Severance pay may, however, be a good alternative in some situations for all parties involved. Severance pay can therefore be utilised in extraordinary circumstances, albeit capped at two annual salaries.

#### • Other special remuneration:

Senior executives may receive other special remuneration that is normal for comparable positions, such as free telephone, PC at home, free broadband, newspapers, company car/car scheme and parking.

#### • Options and other types of remuneration linked to shares or developments in the share price:

The company does not currently give persons in senior positions options or other types of remuneration linked to shares in the company or developments in the share price.

#### • Share purchase programmes:

Lerøy is entitled to assess a share-savings programme for all employees, where employees have the right to subscribe to a limited number of shares at a discounted price.

In extraordinary circumstances when significant events require senior executives to make extraordinary efforts, the Board may decide to deviate from these guidelines. The Board is not entitled to deviate from the guidelines in relation to remuneration of Board members. If necessary, such deviations shall be proposed and presented to the Annual General Meeting for a general vote. There were no such deviations in 2021.

# Earned remuneration for the Board

## Remuneration element to management in 2021

Payment element	Purpose	Level	Disbursement criteria	Period
Fixed salary / Base salary	Attract, retain and develop talented managers	Attractive, but not wage leaders in the industry	None, but fixed salary will normally be adjusted annually	Annual, but paid as 11/12 of the amount, as the last month is paid as holiday pay
Bonus	Harmonising the Group's interests with those of senior executives for perpetual, strategic business development required so that Lerøy can achieve its vision	Up to one year's salary	Evaluation of the executive's value creation, efforts, results, values, and attitudes and conduct, all in relation to the defined goals, tasks and available resources implied in the position	Annual
Holiday pay	Part of the pay system in Norway.	Holiday pay normally amounts to 12% of the holiday pay base amount. The holiday pay base amount includes fixed salary and bonuses, unless otherwise agreed.	The holiday pay base amount accrues over one year, and payment is made in the holiday month the following year.	Annual payment is in June, as the employee does not receive salary in July. (Fixed salary is paid in 11 of the 12 months of the year)
Pension	The Group focuses on a long-term perspective, and it must be attractive to remain an employee with the Group throughout the employee's career.	Defined-contribution pension scheme whereby the Group pays contributions to the employee's personal pension account. The Group pays pension contributions up to 12G (G is the national insurance base amount in Norway; 1G in 2021 is NOK 106,399).	Fixed salary and bonus, but the Group does not pay contributions for compensation exceeding 12G. A 2% deduction is made from the employee's fixed salary up to 12G, and the total contribution from the company is 7% between 1G and 7.1G, and 25,1% between 7.1G and 12G.	
Other benefits	Compensation for minor expenses related to work. Typically Internet connection, mobile telephone and newspapers	Based on actual documented expenses		

As described in the framework for remuneration of persons in senior positions, the Board of Directors does not have any variable salary element, and the annual fee is adopted by the Group's Annual General Meeting.

The following table shows earned remuneration of the Board members, per year, for the period 2017 to 2021. Remuneration for 2021 will be adopted at the Annual General Meeting in 2022, but the recommendation has been included in the table.

Name	2021	2020	2019	2018	2017
Helge Singelstad (Chairman of the Board)	500 000	400 000	400 000	400 000	375 000
Arne Møgster	300,000	250,000	250,000	250,000	200,000
Karoline Møgster	300,000	250,000	250,000	250,000	
Didrik Munch (chair of the Audit Committee)	420,000	350,000	300,000	300,000	240,000
Britt Kathrine Drivenes (member of the Audit Committee)	380,000	320,000	300,000	300,000	240,000
Siri Lill Mannes	300,000	250,000	250,000	250,000	
Hans Petter Vestre (employee representative)	300,000	250,000	250,000	250,000	200,000
Hege Charlotte Bakken					200,000

Remuneration is not paid to the Chairman of the Board in the form of directors' remuneration subject to reporting. Lerøy Seafood Group is invoiced for the services of the Chairman,

and for consultancy fees related to the role of working Chairman of the Board, by the Group's ultimate parent company, Laco AS, where the Chairman is CEO. Amount invoiced by the ultimate parent

company, Laco AS, for consultancy services as working Chairman of the Board. These numbers is then included the ordinary board remuneration as described above.

	2021	2020	2019	2018	2017
Invoiced for consultancy services as working Chairman of the Board	5,108,249	5,564,800	5,888,000	5,733,000	5,527,000

# Earned and received remuneration of Group management

## Earned remuneration of Group management

Please refer to the previous comments on the different elements included in the salaries paid to Group management. There will be deviations between when the remuneration is earned and when it is disbursed. The following table shows when remuneration is earned.

In light of Norway's holiday pay scheme, fixed salary is paid as 11/12 of the agreed salary. With the exception of the CEO, bonuses are included in the holiday pay base amount.

Bonuses for 2021 are also specified in the table. These figures show the provision for bonuses in the Group's financial statements for 2021. Final bonus payments may vary from these figures.

Name and position	2021	2020	2019	2018	2017
<b>Henning Beltestad (CEO)</b>					
Fixed salary	3,208,333	3,000,000	3,000,000	3,000,000	3,000,000
Deduction from salary for holiday	-284,091	-284,091	-284,091	-284,091	-277,462
Bonus incl. holiday pay	3,300,000	3,300,000	3,300,000	3,300,000	3,150,000
Holiday pay	350,909	325,909	325,909	325,909	325,909
Pension expense	151,239	149,501	144,285	139,070	137,332
Other benefits	11,000	11,000	11,000	16,000	33,000
<b>Total earned this year</b>	<b>6,737,390</b>	<b>6,502,319</b>	<b>6,497,104</b>	<b>6,496,888</b>	<b>6,368,779</b>
<b>Siren Grønhaug (COHR)</b>					
Fixed salary	1,698,834	1,627,200	1,466,667		
Deduction from salary for holiday	-154,091	-151,515	-133,333		
Bonus	1,120,000	1,000,000	1,000,000		
Holiday pay	305,369	295,994	160,000		
Pension expense	151,239	150,501	117,285		
Other benefits	30,000	22,000	10,000		
<b>Total earned this year</b>	<b>3,151,351</b>	<b>2,944,179</b>	<b>2,620,619</b>		

Name and position	2021	2020	2019	2018	2017
<b>Sjur S. Malm (CFO)</b>					
Fixed salary	2,437,800	2,400,000	2,341,667	2,300,000	2,233,333
Deduction from salary for holiday	-227,273	-227,273	-217,803	-217,803	-217,803
Bonus	2,053,571	1,785,714	1,964,285	1,785,714	1,785,714
Holiday pay	479,549	496,442	471,149	464,150	402,578
Pension expense	152,239	153,501	147,285	141,070	137,332
Other benefits	21,000	10,000	10,000	12,000	10,000
<b>Total earned this year</b>	<b>4,916,886</b>	<b>4,618,384</b>	<b>4,733,462</b>	<b>4,485,131</b>	<b>4,351,154</b>
<b>Ivar Wulff (COO VAPS&amp;D)</b>					
Fixed salary	1,900,250	1,830,600	1,650,000		
Deduction from salary for holiday	-173,352	-170,455	-150,000		
Bonus	1,120,000	1,000,000	1,000,000		
Holiday pay	327,228	317,993	180,000		
Pension expense	149,239	147,501	114,285		
Other benefits	30,000	24,000	14,000		
<b>Total earned this year</b>	<b>3,353,365</b>	<b>3,149,639</b>	<b>2,808,285</b>		
<b>Bjarne Reinert (COO Farming)</b>					
Fixed salary	2,000,000				
Deduction from salary for holiday	-189,394				
Bonus	1,120,000				
Holiday pay	242,317				
Pension expense	150,239				
Other benefits	11,000				
<b>Total earned this year</b>	<b>3,334,162</b>				

# Auditor's statement on the remuneration report



To the General Meeting of Lerøy Seafood Group ASA

## Independent auditor's assurance report on report on salary and other remuneration to directors

### Opinion

We have performed an assurance engagement to obtain reasonable assurance that Lerøy Seafood Group ASA 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 as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International 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.

Bergen, 4 May 2022

**PricewaterhouseCoopers AS**

**Hallvard Aarø**  
State Authorised Public Accountant

*Note: This translation from Norwegian has been prepared for information purposes only.*

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Name and position	2021	2020	2019	2018	2017
<b>Stig Nilsen (COO Farming)</b>					
Fixed salary		2,400,000	2,400,000	2,400,000	2,400,000
Deduction from salary for holiday		-319,580	-181,119	-273,427	-217,803
Bonus		1,517,857	1,517,857	1,700,000	1,600,000
Holiday pay		534,353	534,353	304,100	303,713
Pension expense		146,501	142,285	137,070	135,332
Other benefits		136,000	135,000	110,000	100,000
<b>Total earned this year</b>		<b>4,415,130</b>	<b>4,548,376</b>	<b>4,377,744</b>	<b>4,321,242</b>
<b>Webjørn Barstad (COO Wildcatch)</b>					
Fixed salary		2,300,000	2,300,000	2,200,000	
Deduction from salary for holiday		-217,803	-217,803	-208,333	
Bonus			2,000,000	1,500,000	
Holiday pay		466,863	425,863	371,000	
Pension expense		107,000	97,000	97,000	
Other benefits		11,000	12,000	20,000	
<b>Total earned this year</b>		<b>2,667,060</b>	<b>4,617,060</b>	<b>3,979,667</b>	

