

**FRØY ASA –  
STATEMENT ON REMUNERATION OF EXECUTIVE MANAGEMENT**

**BOARD STATEMENT ON DETERMINATION OF SALARIES AND OTHER REMUNERATION FOR EXECUTIVE MANAGEMENT**

In line with the Norwegian Public Limited Liability Companies Act section 5-6 and 6-16a, the board of directors of Frøy ASA ("**Frøy**" or the "**Company**") shall prepare guidelines for the determination of salaries and other remuneration to the management in the Company. The guidelines apply to executive personnel in the Company as defined in the Norwegian Public Limited Liability Companies Act section 6-16a. For Frøy, this includes the management team and the board members. The management team in the Company consists of the CEO, CFO, COO/CMO, Head of Service, Head of Wellboat and Head of Sea Transportation. Remuneration to employees other than the executive management team is not covered by these guidelines.

This statement was adopted at a board meeting held 22 September 2021. The statement is submitted to the general meeting for approval on 30 September 2021 with a duration until 30 June 2024. The declaration will be published on the Company's website.

**1 GUIDELINES FOR SALARIES AND REUMNERATION TO THE EXECUTIVE MANAGEMENT**

The salaries and remuneration of the executive management team shall be based on the following guidelines:

**1.1 Fixed remuneration**

The main principle for salary and remuneration for the executive management team in Frøy has been and is an individual fixed salary. The fixed salary is based on the main principles that the salary must be competitive and motivating. Regular measurements must be made against relevant markets to ensure that the salary is competitive.

The salary level in Frøy is thus determined based on the following factors: competitive salary level, scope of work and responsibility, seniority as well as an assessment of the business and individual presentation.

**1.2 Payments in kind**

The management's payment in kind mainly consists of coverage of electronic communication in accordance with standard regulations, insurances schemes and company car.

**1.3 Bonus**

The Company has implemented bonus based upon development of the share price. This to support the Company's strategy of ensuring profitable growth. In addition, the Company wants to encouraging key employees to engage in long-term value creation, rewarding good performance and committing employees to long-term persistent work, as well as aligning the employees and shareholders interest.

The starting point for determining the bonus will be the market value of the shares of Frøy (volume weighted average price) during the first five trading days following the listing on the Oslo Stock Exchange in 2021 (the "**Initial rate**"). The bonus will be triggered if the market value of the shares (volume weighted average price) of the same five business days in 2022 exceeds the Initial rate by

10% or higher (the "**2022 rate**"). If the conditions are not met, the employees are not entitled to a share-based bonus for year 2022. The size of the bonus is determined by the degree to which the Initial rate is exceeded. If the 2022 rate is 15% higher than the Initial rate, the bonus shall correspond to 1/2 of the employee's annual fixed salary at the time of the bonus. If the 2022 rate is between 10-15% higher than the Initial rate, the bonus shall correspond to 1/4 of the employee's annual fixed salary at the time of the bonus.

For 2023, the bonus will be triggered if the market value of the shares for the same five business days in 2023 (the "**2023 rate**") exceeds the 2022 rate by 10% or higher. If the conditions are not met, the employees are not entitled to a share-based bonus for year 2023. The size of the bonus is determined by the degree to which the 2022 rate is exceeded. If the 2023 rate is 15% higher than the 2022 rate, the bonus amount shall correspond to 1/2 of the employee's annual fixed salary at the time of the bonus. If the 2023 rate is between 10-15% higher than the 2022 rate, the bonus shall correspond to 1/4 of the employee's annual fixed salary at the time of the bonus.

Bonus payments shall be settled half in the form of shares in the Company and half in the form of cash. In the case of shares received in connection with the bonus scheme, these may not be sold or transferred to other parties for a period of 12 months.

It is a condition for receiving the bonus that the employee is an employee at the time of payment. The board of directors are not included in the share-based incentive scheme.

#### **1.4 Pension and retirement benefits**

All members of the executive management team shall participate in the defined contribution pension scheme.

Beyond this, there is no agreement on special pension schemes for the executive management in Frøy.

#### **1.5 Severance pay schemes**

None of the members of the executive management team has entered into employment agreements that allow for any special benefits in the event of dismissal. Any severance pay scheme shall always be described in the employment agreement.

The board of directors will not be entitled to any benefits upon resignation from their board position.

## **2 GUIDELINES FOR REMUNERATION TO THE BOARD OF DIRECTORS**

Remuneration to the board of directors are determined annually by the general meeting on the recommendation of the Company's nomination committee. The board of directors receive a fixed fee, and none of the board members shall have any form of incentive scheme or performance-based remuneration.

In connection with its recommendation of board fees, the nomination committee will look at the development in the market as well as the scope of work and effort of the respective board member.

Certain board members are also members of the audit committee and the compensation committee, and receive remuneration for this. Such remuneration is also proposed by the nomination committee and approved by the general meeting.

Information on the remuneration for the board of directors shall be included in the annual report.

### **3 DEVIATIONS FROM THE GUIDELINES.**

Under extraordinary circumstances and in accordance with current legislation, the board of directors shall have the opportunity to deviate from these guidelines. The deviation shall be in the Company's best interest.

The board of directors may not deviate from the guidelines regarding the remuneration of the board of directors. Such deviations must be proposed and presented to the general meeting for a general vote.

If the board of directors decides to deviate from the guidelines, the reasoning behind such a decision shall be presented in the minutes of the board meeting and stated in the annual remuneration report submitted to the general meeting for an advisory vote the following year.