



# REMUNERATION REPORT

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# 2022



# REMUNERATION REPORT 2022

## Context for the Remuneration Report



This Remuneration Report describes the remuneration principles for Grieg Seafood ASA’s Board of Directors and the members of the executive management team that has direct operational responsibilities in our value chain - the Group executive operational management team. This includes, in addition to the CEO and the CFO, the COOs and the CCO.

The remuneration policy’s fundamental principle is that executive remuneration should be sufficient to attract and retain talented executives, without being at the forefront relative to the industry as a whole, and without the variable salary becoming such a large part of the total compensation that it leads to perverse incentives and short-term perspectives.

The Remuneration Report complies with the requirements defined in sections 6-16a and 6-16b of the Norwegian Public Limited Companies Act.

## Remuneration Committee

The Remuneration Committee is governed by a separate set of instructions adopted by the Board of Directors. The members of the Remuneration Committee are appointed by and from the members of the Board of Directors and shall be independent of

the company’s executive management. As of 31 December 2022, the Remuneration Committee consisted of:

The primary purpose of the Remuneration Committee is to assist and facilitate the Board’s decision-making in matters related to the remuneration of the group executive management team. The Remuneration Committee recommends the CEO’s personal bonus targets. The Committee submits proposals for changes to the bonus model to the Board, as well as changes in the terms and principles for the CEO’s remuneration. While recommendations concerning the award of and amendments to the cash based payment agreement are prepared by the Remuneration Committee, it is the Board that approves the final agreement and total number of options granted. However, the Remuneration Committee can approve non-significant changes to the share purchase program that Grieg Seafood Group offers to all employees.

Board's Remuneration Committee	Role	Considered independent
Per Grieg Jr	Chair	No
Marianne Ødegaard Ribe	Member	Yes





SUMMARY OF THE 2022 FINANCIAL YEAR

2022 was a record-breaking year for Grieg Seafood. In our 30 year long history, we have never achieved a higher operational EBIT, seen a stronger market or harvested higher volumes in our existing farming regions. The market’s demand for farmed Atlantic salmon remained strong in 2022, while the global volume of Atlantic salmon harvested decreased by approximately 1% compared to 2021, according to Kontali Analyse. Due to the limited supply of salmon in the market, prices remained strong throughout 2022.

The Group harvested 84 697 tonnes GWT in 2022 (75 601 in 2021). Our Norwegian regions contributed 76% (81%) of the harvest volume, while British Columbia accounted for 24% (19%). Total sales revenues came to NOK 7 164 million (NOK 4 599 million), while the sales revenues from our farming regions totaled NOK 6 418 million (NOK 4 211 million). The Group’s aggregate price achievement for the year totaled NOK 75.8 per kg (NOK 55.7 per kg).

Price realization was negatively impacted by fixed-price contracts for some of our Norwegian volume, as well as production-grade volumes that always command a lower price. The increase in the Group’s sales revenues is mainly attributable to exceptionally high market prices, especially during the first half of the year, and a higher volume harvested. The Group’s farming cost for 2022 ended at NOK 52.7 per kg (NOK 47.2 per kg). The harvested volume for both Rogaland and Finnmark was record high, bringing the total volume harvested by our Norwegian regions to 64 411 tonnes GWT (61 154). The underlying production cost has been good, but is rising due to inflationary pressure on key production inputs, including feed. Operational EBIT in 2022 ended at a record NOK 1 739 million (NOK 442 million), equivalent to an EBIT of NOK 20.5 per kg (NOK 5.9 per kg). The increased Operational EBIT was driven by exceptional price realization in all farming regions in 2022 as a whole, and the first half in particular. Net profit totaled NOK 1 214 million in 2022, compared to NOK 604 million in 2021.

Table 1: Key figures

KEY FIGURES** NOK MILLION	2022	2021	2020	2019	2018*	2017*
Harvested volume (tonnes GWT)	84 697	75 601	71 142	71 700	74 623	62 598
Sales revenues	7 164	4 599	4 384	4 756	7 500	7 017
Operational EBITDA <sup>1</sup>	2 191	818	602	1 384	1 334	1 106
Operational EBIT <sup>1</sup>	1 739	442	233	1 077	1 099	904
Profit/loss for the year	1 154	604	-316	599	997	601
Return on Capital Employed (ROCE) <sup>2</sup>	23%	6%	3%	19%	22%	24%
Earnings per share (NOK)	10.3	10.7	-4.8	5.6	8.8	5.0

\*Inc. Shetland. The Shetland assets were sold on 15 December 2021. Figures up to and including 2018 include Shetland, while those for 2019 and later do not.  
\*\* See definitions and more information in the Alternative Performance Measures section of our 2022 Annual Report.

We remain committed to reducing our impact and improving fish welfare – which is both an ethical responsibility and key to improve profitability. At year-end 2022, 75 percent of our budgeted net production for the year was certified according to the Aquaculture Stewardship Council standard, and work to certify more farms is ongoing. In 2022, we were ranked 2nd by the Coller FAIRR Protein Producer Index, which rates global animal protein and dairy producers according to sustainability.

REMUNERATION OF EXECUTIVE PERSONNEL

**Fixed Pay - salary**  
A fixed basic salary is the main component of executive compensation and should reflect industry-competitive terms, taking into consideration the individual’s qualifications, level of responsibility and capacity to influence the company’s performance and strategic direction. Executive management’s fixed salaries are evaluated annually using Grieg Seafood’s internal routines for salary adjustments. Part of these internal routines are the use of the Kornferry methodology and advisory consultants.

**Fixed Pay – pension**  
The company has a defined-contribution pension scheme in Norway, to which all Norwegian employees belong.

The CEO is entitled to a separate pension agreement for salary above 12 G, but this has never been implemented. In 2022, the CEO received a one-time payment and salary adjustment to compensate for not having a personal agreement for salary above 12 G. This payment is reflected in Figure 2, included as a pension expense for 2022.

Pension is based on a defined contribution plan, and is capped at 12 times the National Insurance Scheme’s basic amount (12G) for all employees including the executive management.

**Fixed Pay – severance pay**  
The CEO, CFO, and COO Farming Europe have agreements for severance pay amounting to 12 month’s salary.

**Fixed Pay – options and other forms of share-based compensation or share price development-based remuneration**

Grieg Seafood ASA’s Board of Directors wishes senior executives to also be shareholders of the company. A synthetic option scheme has therefore been established for members of the executive management team and regional directors. The Board believes that enabling executive management to receive a part of the dividend from Grieg Seafood’s growth and success is a key incentive for the realization of the company’s ambitions.

The Remuneration Committee evaluates the option program and makes the allocation in accordance with the Annual General Meeting’s framework.

A synthetic cash option scheme requires participants’ direct shareholding throughout the program’s duration. Option holders are obliged to use 50% of the net gain from the scheme for the purchase of shares until the shares have reached a threshold corresponding to the individual’s fixed annual salary.

Variable pay – performance-based pay scheme

If the budget it met and good financial results achieved, the variable compensation element is awarded. The company’s bonus system is designed to promote performance in line with the company’s strategy. The bonus for all employees, including the executive management team, is determined by the company’s performance on a pre-defined set of key performance indicators (KPIs) and company/personal goals or priorities. The KPIs consist of:

- Annual EBIT before production fee and fair value adjustment of biological assets (weighted 35%)
- Annual farming cost per kilo harvested volume (weighted 35%)
- Personal goals (weighted 30%)

Bonus earned 2022 (paid in -22/23)			
Operational Targets	Result	Weight	Achieve-ment
Ebit	NOK 1 739 Million	50 %	100 %
Cost	NOK/kg 52.7	50 %	0 %
Total operational target		100 %	50 %
Weight operational targets		70 %	
Weight individual targets		30 %	

These KPIs are further specified for each employee, function or department. Fulfillment is measured on a scale from 1 to 6. The amount of bonus received is a function of the number of fixed monthly salaries in the awarding unit and the individual’s level within the organization. The maximum bonus per year is capped at the equivalent of six months’ salary for the CEO, and five month’s salary for the executive management team.

For 2022, the EBIT was measured at 6, while the farming cost target was not met. The personal goals were individually measured. For 2021, the EBIT was measured at 1, and the farming cost target was not met. The personal goals were individually measured.

In 2022, the executive management team received a bonus payout. However, the bonus payment to COO North America was not paid in full due to their resignation from Grieg Seafood. In 2021, a bonus was paid to the entire executive management team.



Variable pay - share purchase program

The company’s share purchase program aims to stimulate co-ownership and a sense of common interest with the company. The Board can decide annually that all employees, including executive management, shall be offered shares at a discount. All permanent employees who have been employed for at least six months at Grieg Seafood ASA or a wholly owned subsidiary are included in this program. Minor changes in qualifications to this program may be approved by the Remuneration Committee.

Other terms and benefits

Executive management may be awarded other benefits that are common in the industry. Members of the executive management team, like other employees, are enrolled in Grieg Seafood ASA’s current collective life and health insurance scheme. In addition, some members of executive management are covered by the company’s board liability insurance. The level of other benefits awarded by the company matches that considered normal in the market and appropriate for individual circumstances.

No variable salary was recovered from any of executives during 2022.

Figure 2: Remuneration for executive management

NOK 1000	Fixed Remuneration				Variable Remuneration			Total Remuneration	Proportion of fixed and variable remuneration	
	Year	Salary	Other	Bonus	Options exercised	Other	Pension expense			
CEO	2022	3 644	28	1 007	4 540	9	2688	11 916	31%	69%
Andreas Kvame	2021	3 165	29	540	0	8	76	3 821	84%	16%
CFO	2022	2 349	28	612	3 202	1	89	6 279	38%	62%
Atle Harald Sandtorv	2021	2 280	29	313	0	2	79	2 703	85%	15%
COO Farming Norway	2022	2 066	226	321	2 917	10	89	5 628	41%	59%
Alexander Knudsen	2021	1 910	222	203	0	14	79	2 427	88%	12%
COO Farming Canada*	2022	1 802	0	-26	2 917	0	47	4 740	38%	62%
Roy-Tore Rikardsen	2021	1 772	6	244	0	0	79	2 095	85%	15%
CCO	2022	2 247	30	483	3 070	3	87	5 920	38%	62%
Erik Holvik	2021	1 996	28	350	0	3	79	2 456	82%	18%

The figures includes only national insurance contribution benefits  
\*CCO Farming Canada resigned June 2022.

Figure 3: Comparative information on the remuneration paid in the last five years

		2018 vs 2017		2019 vs 2018		2020 vs 2019		2021 vs 2020		2022 vs 2021*	
Annual change NOK 1000		NOK	%	NOK	%	NOK	%	NOK	%	NOK	%
CEO	Andreas Kvame	-160	-2.75%	369	6.53%	-354	-5.88%	-1 844	-32.55%	8 095	211.85%
CFO	Sandtorv	-78	-2.10%	277	7.62%	431	11.02%	-1 638	-37.73%	3 576	132.31%
COO Farming Norway	Alexander Knudsen							1 005	70.68%	3 201	131.91%
COO Farming Canada	Roy-Tore Rikardsen							946	82.33%	2 645	126.25%
CCO	Erik Holvik							1 690	220.63%	3 464	141.06%
Average remuneration of a full-time equivalent basis of employees											
Grieg Seafood		28	5%	14	2%	-26	-4%	117	20%	114	16%
Median employee ratio to CEO**	8.06										

The figures includes only national insurance contribution benefits  
\*No options were exercised in 2021, see table under "Share-based payments" below.  
\*\*Compares salary and bonus of median employee to salary and bonus of CEO. Comparable figures for 2021 not available.



SHARE-BASED PAYMENTS

The Group has issued options to the executive management team and regional directors. The options’ strike price is the stock market price on the date of issue, rising by 0.5% per month until the exercise date. Since 2009, an option scheme with settlement in cash has been established for executive management and regional directors. The most recent allocation was in 2020, totaling 1 890 000 options. The final exercise date is 31 May 2024. The options have a term of two years, where 50% is vested each year. Employees joining the Group after the initial allocation of options, are allocated options on taking up employment.

The Black & Scholes option pricing model is used to calculate the market value. A brokerage firm is used to perform the calculations and the measurement is according to level 3 of the fair value hierarchy (see Note 4 and Note 17 in Annual Report 2022).

GOVERNANCE

Review of the remuneration report

The Board has the overall responsibility for reviewing the Remuneration Report. The Remuneration Committee has the responsibility for reviewing and proposing changes to the Remuneration Report. The Remuneration Committee is a sub-committee of the Board.

The Remuneration Committee reviews the Remuneration Policy and recommends to the Board any amendments to be proposed by the Board for adoption by the Annual General Meeting. The Remuneration Report will be presented for an advisory vote at the Annual General Meeting.

Authorization for the board

The Board of Directors in Grieg Seafood ASA shall prepare a salary report for each accounting year in accordance with the Norwegian Public Limited Liability Companies Act, 6-16b which gives an overall summary of paid and accrued wages and remuneration encompassed by these guidelines.

The Board of Directors has appointed a Remuneration Committee, consisting of at least two members appointed by the Board. The Committee functions as an advisory body for the Board of Directors and shall ensure that Grieg Seafood ASA establishes, audits and implements the company’s “Guidelines for remuneration of executive personnel in Grieg Seafood ASA.” Proposals for significant changes in the guidelines are evaluated by the Committee, while preparing proposals for changes to the Annual General Meeting. The Board of Directors is authorized by the Annual General Meeting to adjust the applicable salary remuneration and incentive plans to remain appropriate and competitive.

In 2022 there were no deviations in the company’s remuneration versus the guidelines.

Overview 2022 (total options)	Option category	Outstanding options at 31.12.2020	Outstanding options at 31.12.2021	Outstanding options at 31.12.2022
Andreas Kvame (CEO)	Cash settlement	540 000	540 000	229 764
Atle Harald Sandtorv (CFO)	Cash settlement	270 000	270 000	80 799
Alexander Knudsen (COO Farming Norway)	Cash settlement	270 000	270 000	86 832
Roy Tore Rikardsen (COO Farming Canada)	Cash settlement	270 000	270 000	0
Erik Holvik (CCO)	Cash settlement	170 000	170 000	65 788
Total		2 090 000	2 090 000	639 757

Figure 4: Changes in outstanding options in 2020, 2021 and 2022.





To the General Meeting of Grieg Seafood 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 Grieg Seafood ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2022 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 Management

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. We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain 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

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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, 30 March 2023  
**PricewaterhouseCoopers AS**

Sturle Døsen  
State Authorised Public Accountant  
(electronically signed)

Attestation remuneration report

Signers:

Name	Method	Date
Døsen, Sturle	BANKID	2023-03-30 21:30



# REMUNERATION REPORT 2022