



## ATLANTIC SAPPHIRE ASA - REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT TEAM

### 1 INTRODUCTION

#### 1.1 About this Policy

This remuneration policy for the Board of Directors and the executive management team (the "**Policy**") provides a framework for remuneration at Atlantic Sapphire ASA ("**Atlantic Sapphire**" or the "**Company**", and together with its subsidiaries, the "**Group**"), as well as specific guidelines for incentive pay.

The Policy applies to: (i) the Board of Directors (the "**Board**"), and (ii) the Chairman and CEO of the Company and the senior management team, which includes the Chief Development & Infrastructure Officer, Chief Legal Officer, Chief Operations Officer, Chief People Officer, Chief Sales & Marketing Officer, Chief Technology Officer, Chief Financing Officer and Chief Accounting Officer (collectively, the "**Executive Management Team**"), and is subject to approval by the general meeting of the Company upon its first adoption, and subsequently (i) either in respect of any material changes, or (ii) at least every four years. This Policy shall, subject to approval by the general meeting, become effective immediately following the annual general meeting of the Company in 2021.

This Policy has been prepared in accordance with Section 6-16a of the Norwegian Public Limited Companies Act, and the Norwegian Regulation on guidelines and report for executive personnel (Nw: *Forskrift om retningslinjer og rapport om godtgjørelse for ledende personer*).

#### 1.2 Objectives

The objectives of this Policy are as follows:

- Support the Company's strategic performance and sustainability (ESG) targets;
- Drive the Company culture and values;
- Align remuneration with shareholder and stakeholder interests; and
- Provide guidelines for establishing the Executive Management Team's remuneration to attract, retain and motivate employees with the skills, qualifications and experience needed to maximize value creation for the Company and its shareholders.

#### 1.3 Preparation and implementation of this Policy

The Compensation Committee prepared this Policy. Pursuant to this Policy, the Compensation Committee evaluates and implements the terms and conditions (including remuneration) of the appointments to the Executive Management Team and the terms and conditions (including remuneration) of the Executive Management Team.



Pursuant to this Policy, the Compensation Committee evaluates and implements remuneration of the Board.

The Board is responsible for proposing the Policy for adoption at the Company's general meeting as applicable.

#### **1.4 Consideration of employee pay and employment conditions when preparing this Policy**

With respect to this Policy, the Board also considered the remuneration for the Group's wider workforce.

#### **1.5 Conflicts of interest**

With respect to compensation-related matters, the Board and the Compensation Committee act independently of the Executive Management Team. To prevent potential conflicts of interest, the Compensation Committee's recommendations to the Board are based on market data provided by subject matter experts. No members of the Executive Management Team are present at either the Compensation Committee meeting or the Board meeting during which their remuneration is discussed, however Johan Andreassen (who acts both as Chairman and CEO) is present in Board meetings where remuneration to other members of the Executive Management Team is discussed.

### **2 REMUNERATION POLICY FOR THE BOARD OF DIRECTORS**

#### **2.1 Process**

The duties of the Compensation Committee are set forth in the Compensation Committee Charter. Pursuant to the Compensation Committee Charter and prior to approval, the Compensation Committee presents its recommendation regarding the remuneration of the Board members to the general meeting. In connection with such recommendation, the Compensation Committee reviews Board remuneration annually at a minimum and benchmarked against companies of similar size and complexity to Atlantic Sapphire.

The remuneration of the Board members is approved as a separate item on the agenda of the annual general meeting of the Company.

#### **2.2 Fee levels**

Any independent Chairman or member of the Board receives a fixed annual fee. In addition, each member of any committee may receive an additional fee based on the number of meetings held by each such committee.

#### **2.3 Benefits**

Members of the Board are reimbursed for reasonable and documented business expenses related to the performance of required functions. Such expenses include, but are not limited to, accommodation, transportation and meals when traveling for Board meetings, if applicable.



## 2.4 Incentive plans

As part of each Board member's remuneration package, the Company will also grant stock options based on recommendations provided by an external consultant. Such grants will be by the Company's annual general meeting, as applicable.

Such grants will vest *pro rata* over four-year periods and will have a five-year term to exercise such options following the grant date. Additional terms and conditions will apply in accordance with local US practice.

## 3 REMUNERATION POLICY FOR THE EXECUTIVE MANAGEMENT TEAM

### 3.1 Process

The Compensation Committee assists the Board with presenting a recommendation to the Board with respect to base compensation, bonus, long-term incentive compensation and benefits for the Executive Management Team. The Compensation Committee's detailed responsibilities are described in the Compensation Committee Charter, and reviews and monitors such compensation packages and overall strategy vis-à-vis similarly situated companies.

To support this function, the Compensation Committee engages external subject matter experts that provide market benchmarks and recommendations.

### 3.2 Remuneration elements and guidelines

The following sections provide an overview of the various elements of the remuneration of the Executive Management Team.

#### 3.2.1 Guaranteed Cash (Base Salary)

Base salary is set annually, taking into account various factors, which include: (i) the individual's skills, performance and experience, (ii) increases for the broader workforce, (iii) external market data amongst peer companies, (iv) the size and responsibilities of the role, and (v) the geographical location of the role, internal relativity and external economic environment.

**Purpose and link to strategy:** To provide fixed remuneration that enables the Company to attract, retain and motivate employees with the skills, qualifications and experience needed to maximize value creation for the Company and its shareholders.

#### 3.2.2 Non-Statutory Benefits (Retirement)

The Company has a defined contribution pension plan for employees in the US and Denmark. The amount the Company matches of each employee's paid contribution to such plan is determined based on market practice.

**Purpose and link to strategy:** Provide market competitive and cost-effective benefits to attract and retain top talent.



### 3.2.3 Other benefits

In addition to the customary benefits provided to all employees (i.e. healthcare, life insurance, long and short term disability and lunch program and mobile expenses), the Company provides the Executive Management Team with financial counselling and tax preparation benefits and other benefits aligned with the market such as reimbursing reasonable business expenses to perform their duties. In-kind benefits paid by the Company are set considering the wider workforce rate and market practice in the US.

**Purpose and link to strategy:** Provide market competitive and cost-effective benefits to attract and retain top talent.

### 3.2.4 Variable Compensation for the Executive Management Team (excluding the CEO of AS USA & Chairman of the Board)

#### 1 Short term incentives

The Company provides the Executive Management Team with a profit share bonus plan. Compensation under such plan is based on the Company achieving certain delineated financial and biological performance targets. Such targets are objective, measurable and linked to the achievement of the Company's strategic goals.

In addition, each member of the Executive Management Team is eligible for annual individual performance bonuses, which are reviewed and assessed by the Compensation Committee and benchmarked against similarly situated companies. When determining such bonuses, the Compensation Committee considers each individual's performance in light of the target goals set at the beginning of the year.

#### 2 Long-term incentives

The Company's long-term incentive program takes into account financial and non-financial measurable criteria aligned with our sustainability (ESG) strategy, including criteria related to financial performance, fish welfare, environmental and social impact of the company. The targets are measurable and set up in advance and reviewed against achievement throughout the year.

### 3.2.5 Variable remuneration for the CEO of AS USA and Chairman of the Board

Johan E. Andreassen, as Chairman of the Board and CEO of Atlantic Sapphire USA LLC, will be part of a long-term retention option program. As a founder of the Company, the long-term retention of Mr. Andreassen in these positions is critical for the Company's performance and delivering on shareholder value. The long-term option program is structured as granting 200,000 options (1,000,000 options in total) per year upon achievement of a set share price at a given date. Such grant will be resolved by the Company's annual general meeting in 2021.

The terms of the long-term retention option program include that Johan E. Andreassen must remain with the Company (either as full-time employee of Atlantic Sapphire USA LLC or as Chairman of the Board) and that the share options will be cancelled if Andreassen terminates his employment or



Board position with the Company, as well as other restrictive covenants. Further, the Company can, upon violation of certain contractual obligations (including misconduct, financial misstatements, fraud etc.), terminate Andreassen's position with the Company.

Each grant has a four-year, *pro rata* vesting, whereby 25% of the options vest and become exercisable each year. Further, there is a ten-year term to exercise each vested tranche, which contributes to the goal of long-term retention. Additional terms and conditions will apply in accordance with local US practice.

This remuneration will not be transferrable to other positions or people in the Company.

### **3.3 Employment agreements**

#### **3.3.1 Terms and notice period**

All Executive Management Team employment agreements contain a full time and attention, non-competition, non-solicitation clauses for one year after the termination of the agreement, and non-disparagement and confidentiality clauses.

Atlantic Sapphire may terminate the employment of an executive by giving 30 days' notice. Executives may terminate their employment by giving Atlantic Sapphire 30 days' notice.

#### **3.3.2 Severance payments**

The severance payment for reasons of without cause or for good reason will be of a period of one year from the date of termination.

## **4 BOARD DISCRETION TO DEVIATE FROM THIS POLICY**

The Board may, from time to time, elect to temporarily deviate from this Policy. Such instances include, but are not limited to, the occurrence of any one of the following:

- change of the CEO;
- changes in the Group structure, organization, ownership and/ or business (for example in relation to mergers, takeovers, demergers, acquisitions etc.);
- material changes in the Company's strategy;
- changes in or amendments to relevant laws, rules or regulations (for example for regulatory, stock exchange control, tax or administrative purposes or to consider changes in legislation or corporate governance requirements or guidance);
- other exceptional circumstances where the deviation may be required to serve the long-term interests and sustainability of the Company as a whole or to assure its viability; and
- changes in normal market conditions.

Any deviation from this Policy shall be reported in the remuneration report for the relevant year. If a deviation has continued so that it cannot be deemed temporary, the Company shall prepare an amended policy to be presented at the next general meeting.