CORPORATE GOVERNANCE

In this chapter, the Board of Directors of Lerøy Seafood Group will provide a description of Corporate Governance within the Group. The Board of Directors is of the opinion that proper, clear corporate governance is decisive in sustaining and strengthening confidence in the company and contributing to optimal value creation over time.

The Group's Corporate Governance is based on the Norwegian Code of Practice for Corporate Governance (NUES), updated 17 October 2018, see also www.nues.no. The Code from NUES complies with Norwegian legislation concerning share trading, accounting, stock exchange and securities trading, and the stock exchange regulations in force at 1 October 2018, and also includes recommendations and guidelines that partly elaborate on and partly supplement such legislation. This chapter has the same structure as the NUES code, and all items in the Code are included. Any differences are explained.

1. Implementation and reporting on corporate governance

The Board of Directors of LSG underlines the importance of having sound corporate governance that clearly states the distribution of roles between shareholders, the Board of Directors and the company management. The goal for Lerøy Seafood Group ASA is for all parts of the Group's value chain to operate and achieve growth and development according to the Group's strategy for long-term and sustainable value creation over time for shareholders, employees, customers, suppliers and society at large.

The company's basic corporate values. The Group's basic corporate values to be creative, open, responsible and honest are based on the Group's vision to create the world's leading and most profitable global supplier of sustainable quality seafood. The Group's core activities comprise a vertically integrated value chain for the production of salmon and trout, catches of whitefish, processing of seafood, purchasing, sales and marketing of seafood, distribution of seafood, and product development. The Group emphasises quality in all parts of the value chain, in order to ensure that we are successful in achieving our goals.

2. Business

According to Lerøy Seafood Group's Articles of Association, the company's purpose is as follows: "The Company's objectives are fisheries, fish farming, processing, sale and distribution within the seafood industry and related industries and operations. Such activities may be performed either directly or via participation in other companies with similar or equivalent objectives, and all activities related thereto." The parent company's Articles of Association reflect the totality of the Group's value chain and core business. The Group's goals and main strategies are provided in total in the Group's annual report (go to www.lersoyseafood.com/investor), and can be summarised as follows: "The Group's core business is the production of salmon and trout, catches of whitefish, processing, product development, marketing, sale and distribution of seafood."

The Board of Directors has a clearly defined goal for the company to create value for its shareholders. Both short and long-term goals are established together with the corporate management, in addition to strategies that reflect the company's risk profile.

Ethical code of conduct and guidelines for corporate social responsibility at Lerøy Seafood Group ASA. The Group takes a very conscious approach to its responsibility regarding ethical conduct, society at large and the environment. Lerøy Seafood Group ASA has prepared a set of ethical guidelines for

Group employees, aiming to establish common principles and regulations which govern all employees within Lerøy Seafood Group ASA and its subsidiaries. The Group's ethical code of conduct reflects the values represented by the Group and guides the employees as to the use of the correct principles for business conduct, impartiality, conflicts of interest, political activity, entertaining expenses, processing information and duty of confidentiality, relationships with business partners, corruption, whistle-blowing, bribes etc. Each employee is individually responsible for practising the ethical code of conduct. The Group has prepared an Ethics Test for employees which will help them make the right decisions whenever needed. The corporate management is responsible for ensuring compliance with the regulations.

Furthermore, Lerøy Seafood Group has a general rule that the Group, along with all business partners, shall comply with legislation in the Group's respective locations, and with the company's own/Lerøy Seafood Group's quality systems and procedures. The Group has a principal rule that the strictest requirements shall be met.

In the event of nonconformities, measures shall be implemented to improve the situation. The Group's goal is to contribute positively and constructively to improving human rights, labour rights and environmental protection, both within the Group, in relation to suppliers and subcontractors and in relation to trading partners.

Every year, the Group publishes an Environmental Report setting out the status of, and providing an overview of, all environmental aspects within the Group's value chain. The Group has stipulated target areas, key performance indicators and environmental goals. The Environmental Report is published in its entirety on www.leroyseafood.com.

3. Equity and dividends

Dividend policy. The Board of Directors of Lerøy Seafood Group emphasises the importance of the company having a clear and predictable dividend policy adapted to the company's goals, strategy and risk profile. Distributed dividends should develop in line with the company's financial strength, growth and profit performance.

The company's dividend policy implies that, over time, dividends should lie in the region of 30% to 40% of profit after tax. However, care must be taken at all times to ensure that the Group has satisfactory financial contingency to be able to conduct any new and profitable investments. The goal is for financial value creation in the long term to be increasingly in the form of higher share prices rather than in declared dividends. The Board of Directors is of the opinion that the distribution of dividends in previous years reflects the Group's dividend policy (ref. note 19).

Dividend for financial year 2018. The Board of Directors has proposed a dividend payment for 2018 of NOK 2.00 per share, which is NOK 0.50 higher per share than the dividend payment in 2017. This proposal is in line with the company's dividend policy. Payment of the dividend is submitted for adoption at the company's annual general meeting.

Equity and financial goals. The Group is financially sound with a book equity of NOK 17.1 billion at 31 December 2018. This corresponds to an equity ratio of 60.4%. The number of shares outstanding in the company at 31 December 2018 is 595 773 680. All shares carry the same rights in the company. At 31 December 2018, the Group had 297 760 treasury shares.

On-going structural changes in the global industry in which the company operates, seen in conjunction with the cyclical nature of the industry, demand that the company at all times must maintain a satisfactory financial contingency. This in turn requires a close relationship with the company's shareholders and equity markets. The company has always stressed the importance of maintaining the confidence of its financial partners and thus also access to necessary loan capital on favourable terms. The financial goals established by the Board and management must be reflected in specified requirements for financial adequacy and yield. The established requirement for financial adequacy stipulates that the Group's equity ratio should be at least 30% over time. The Group's long-term goal for earnings is to generate an annual return on the Group's average capital employed of 18% before tax.

Mandates granted to the Board of Directors. Mandates are granted to the Board of Directors in accordance with the Public Limited Companies Act (Norway), see in particular chapters 9 and 10 of the Act.

Mandate for the Board to purchase treasury shares. The Board was authorised for the first time to purchase treasury shares by the annual general meeting on 12 May 2000. The mandate was recently renewed at the annual general meeting on 23 May 2018 and authorises the acquisition of up to 50 000 000 shares over a period of 18 months from the date on which the resolution was adopted.

The Board of Directors is of the opinion that the Board should retain its right to purchase treasury shares. Situations may also emerge in the future when the Board of Directors finds that the market price of the company's shares does not reflect the company's underlying intrinsic values, the company has sound equity and liquidity and the Board of Directors decides that an investment in treasury shares is an attractive prospect. In such a situation, the purchase of treasury shares may help improve return for the company's investors. At the same time, the stock market generally views the purchase of treasury shares as positive based on the signals this sends regarding the management's confidence in the company's outlook for the future. Moreover, the Board of Directors feels that a holding of treasury shares will provide the Board with more leeway in connection with future growth via future acquisitions, business combinations and establishing new forms of cooperation. Finally, the purchase of treasury shares may be utilised in connection with the possible establishment of a share savings programme for Group employees.

A proposal will therefore be submitted to renew the mandate at the annual general meeting on 23 May 2019.

Mandate to increase share capital by issuing shares for private placings for external investors, employees and individual shareholders in Lerøy Seafood Group ASA. The Board has a mandate to increase the share capital by up to NOK 5 000 000 by issuing up to 50 000 000 shares in Lerøy Seafood Group ASA, each with a face value of NOK 0.10, through one or more private placings with the company's shareholders and/or external investors. This type of mandate was first established by the annual general meeting of 4 May 1999 and subsequently renewed by the annual general meeting on 23 May 2018. The Board of Directors exercised this mandate on 2 June 2016 and carried out a private placement of 5 000 000 new shares at a face value of NOK 1.00 in addition to the sale of 300 000 treasury shares. The Board of Directors feels it is appropriate to retain this mandate, including authorisation for the Board to deviate from the preference rights of the shareholders.. The Group expects to see continued structural changes and internationalisation in its industry. As a result, Lerøy Seafood Group ASA will continuously assess organic growth, possible share saving programmes for employees, possible acquisition and business combination alternatives and possible alliances that may lay the foundations for future profitable growth, both to capitalise on the value already created and to achieve a solid position for future value creation.

The mandate will help allow the company to achieve the necessary financial leeway to rapidly obtain the necessary liquidity and/or settlement shares that the Board feels are necessary to ensure future profitable growth. A proposal will therefore be made to establish a new corresponding mandate at the annual general meeting on 23 May 2019.

The Board's mandate is valid for a period exceeding one year and is not limited to specifically defined objectives as recommended by the NUES.

This is principally for operational reasons, but also in order to clearly show that the company is growth-oriented and that shares are regarded as potential means of payment. This practice is established to ensure an optimum strategic business development for the company. However, the company has established the practice of having the mandates renewed annually at each annual general meeting.

4. Equal treatment of shareholders and transactions with close associates

The company has only one class of shares and each share carries one vote at the annual general meeting. Shareholders' rights are governed by the Public Limited Companies Act (Norway), see in particular chapter 4 of the Act. Lerøy Seafood Group's Articles of Association and agreements are all worded to ensure equal treatment of shareholders.

Equal treatment of shareholders and transactions with close associates. Lerøy Seafood Group ASA has a strict policy of providing correct and open information to shareholders, potential shareholders and other stakeholders.

Not immaterial transactions between the company and shareholders, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties. Should such transactions occur, they are documented and executed according to the arm's length principle. The company has prepared guidelines to ensure notification by board members and executive personnel to the Board of Directors of any significant interest in an agreement signed by the company. If enterprises with associations to board members perform work for Lerøy Seafood Group ASA's Board of Directors, the question of independence is treated specifically by the Board.

5. Shares and negotiability

According to the company's Articles of Association, there are no restrictions on the negotiability of Lerøy Seafood Group's shares.

6. General meetings

Lerøy Seafood Group holds its annual general meeting every year before the end of May. Notices of the annual general meeting and organisation of the meeting comply with an established practice followed by Lerøy Seafood Group ASA for many years.

Notice of and holding annual general meetings. Lerøy Seafood Group ASA held its annual general meeting in the company's head office at Bontelabo, Bergen on 23 May 2018. The notice of the meeting with a proposed agenda, attendance slip and proxy form were distributed to all shareholders with a registered address three weeks prior to the date of the general meeting. The notice of the general meeting was formatted in accordance with the requirements of the Public Companies Act in Norway and the regulation relating to general meetings which governs the content and availability of supporting information. Pursuant to the company's Articles of Association, all documents to be discussed at the general meeting were made available on the company's website: www.leroyseafood.com.

This information was published 21 days prior to the date of the general meeting.

The supporting information was sufficiently detailed and precise to allow the shareholders to form a view on all matters to be considered at the meeting. The deadline for registration of participation was set for the day prior to the general meeting. Prior to distribution of the notice of the general meeting, the Board of Directors and meeting chairperson had performed a quality control of the procedures for registration and voting, and the proxy form for participation and voting on behalf of other shareholders.

The Chairman of the Board represented the Board of Directors at the general meeting. In addition, the CEO and other members of the corporate management were present. On agreement with the Chairperson of the nomination committee, the Chairman of the Board presented the committee's recommendation.

Independent chairing of the general meeting is ensured in that the general meeting appoints a chairperson for the meeting and one person to co-sign the minutes of the meeting.

Participation by proxy. The Public Companies Act in Norway and the regulation relating to general meetings allows for several methods whereby shareholders can participate in and vote at the general meeting, without actually being present. In the notice of the general meeting, Lerøy Seafood Group has allowed shareholders to vote by proxy at the general meeting. The proxy was designed so as to permit votes to be cast for each individual item discussed, and for candidates up for election. The company has procedures which ensure full control and overview of participation and voting at general meetings.

The company publishes the signed set of minutes immediately after the general meeting has been closed.

No extraordinary general meetings were held in 2018.

At general meetings, the Board of Directors is normally represented by the Chairman of the Board, who also represents the majority shareholder in LSG. Due to the fact that the capacity for other shareholders to physically participate at general meetings is very limited, it has not been deemed necessary for all board members to take part in the general meeting.

7. Nomination committee

Pursuant to Article 5, paragraph 2 of the company's Articles of Association, the company shall have a nomination committee comprising three members elected by the annual general meeting for a period of two years. The company's nomination committee is charged with preparing proposals for the composition of a shareholder-elected board of directors and to submit recommendations to the shareholders' meeting for appointments to the board. At present, the members of the nomination committee are Helge Møgster (Chairman), Benedicte Schilbred Fasmer and Aksel Linchausen. The company has not established specific guidelines for the nomination committee. However, the composition of the nomination committee is such that the interests of the shareholders in general are taken into account in that the majority within the committee is independent of the Board and other executive personnel, and that the company's Articles of Association also specify the framework for the work of the Committee.

The nomination committee makes a recommendation regarding remuneration to the members of the board. The general meeting makes the final decision regarding fees to be paid to the members of the company's board and nomination committee.

Information on the members of the nomination committee is published on www.leroyseafood.com. The nomination committee will be facilitated contact with the shareholders, the board members and the CEO when working on the recommendation of candidates. In addition, shareholders are permitted to recommend candidates to the committee.

The justified recommendation of the nomination committee is included in the supporting documentation for the annual general meeting, which is published within the 21-day deadline for notice of the general meeting.

8. Board of directors: composition and independence

Composition and independence of the Board of Directors. In its central position between owners and management, it is the Board of Directors' function to safeguard the shareholders' interests on a parallel with the company's need for strategic governance, operational control and diversity. The function and focus of the Board will always vary somewhat depending on circumstances within the company and on developments in external framework conditions.

The transformation of the Lerøy Group from a family company to a listed public limited company has been guided by the owners' clear awareness of the type of Board the company needs. Since the early 1990s, the majority of the board members have been independent of the Group's management team in order to protect the Board's ability to challenge management practices. In part because of the Board's composition (size and independence from management and main owners, etc.), it has to date been deemed unnecessary to establish so-called board committees, with the exception of the statutory requirement for an audit committee.

Information on the members of the Board of Directors

Members	Elected to the Board	Up for election	No. board meetings
Helge Singelstad (Chairman)	2009	2020	8/8
Britt Kathrine Drivenes	2008	2019	8/8
Arne Møgster	2009	2020	8/8
Didrik Munch*	2012	2019	8/8
Karoline Møgster	2017	2019	7/8
Siri Lill Mannes*	2018	2020	5/5**
Hans Petter Vestre* (employee representative)	1995		8/8

*Independent of the company's largest shareholder
**Elected to the Board by the annual general meeting on 23 May 2018

Pursuant to the Norwegian Public Companies Act, the Chief Executive Officer is not permitted to be a board member. The Norwegian Code of Practice is also very clear in its recommendation that neither the CEO nor other executive personnel in the company should be board members. In Lerøy Seafood Group ASA, neither the CEO nor other executive personnel are members of the Board of Directors.

Nomination period and term of office. Both the Chairman of the Board and other board members are elected for a period of two years at a time. The nomination committee submits its recommendation to the general meeting, which appoints the Chairman of the Board and other board members.

The Group structure, with autonomous entities in different regions, is supervised through participation by Group management in the administrative bodies of the various companies. The employees contribute to sound operational development through their representation on the boards of the subsidiaries also. The Board has not elected a Vice Chairman and so far the Chairman of the Board has always been present. In case of his absence, the Board will make satisfactory arrangements for chairing the meeting.

Encouraging the board members to own shares in the company. The majority of board members in Lerøy Seafood Group ASA own shares in the company, either directly or indirectly.

9. The work of the board of directors

The duties of the Board of Directors. The Board of Directors has the ultimate responsibility for company management. This involves supervising day-to-day management and activities in general. The board's responsibility for the management of the company includes responsibility for ensuring that the activities are soundly organised, drawing up plans and budgets for the activities of the company, keeping itself informed of the company's financial position and ensuring that its activities, accounts and asset management are subject to adequate control. The main aim is to ensure continuous follow-up and further development of the company. For several years, as well as in its eight meetings in 2018, the Board has maintained a particular focus on the connection between practical operations and strategic business development. The Board works purposefully together with the company management to make the Group the most sustainable, profitable, fully integrated and international seafood company possible. This work has for a considerable time been carried out in accordance with our public announcements. The Board's work reflects this strategy and the results are shown through management implementation. Although the strategic development of the company is a continuous process and part of the work of the Board of Directors, the company also holds strategy meetings. Strategy meetings were held in 2018.

Instructions for the Board of Directors and management. A set of instructions has been prepared for the work of the Board of Directors. The scope of the work of the CEO is laid down in a separate set of instructions and in close dialogue with the company's Chairman of the Board.

Independent consideration of matters of a material character in which the Chairman of the Board, board members or executive personnel are actively involved. The Chairman of the Board or other board members shall not process matters that are of significance for their own interests or the personal interests of close associates. Such matters are dealt with by the other board members. The same applies to matters in which the CEO or other executive personnel have a personal interest. There has been no business of this nature during the year.

Board committees.
Audit committee. Pursuant to section 6-41 (1) of the Norwegian Public Companies Act, companies listed on the Stock Exchange are obliged to establish an audit committee which prepares business for and submits recommendations to the Board of Directors. Lerøy Seafood Group ASA's audit committee consists of Didrik Munch (Chairman) and Britt Kathrine Drivenes. The audit committee reports to the Chairman of the Board. The audit committee conducts quality assurance of internal control and financial reporting. It is also responsible for the Board of Directors' dialogue with and monitoring of the external auditor. The auditor reports on his work in writing to the company administration and the Board through the audit committee. The company does not have a so-called remuneration committee.

Evaluation of the Board's work. When recruiting board members, the company's owners follow a long-standing strategy of evaluating the company's need for varied competency, continuity, renewal and changes in ownership structure. It will always be in the company's interest to ensure that the composition of the Board varies in line with the demands and expectations made on the Group. The Board's evaluation of its own performance and of Group management must of necessity be seen in conjunction with the Group's performance. To date, the Board has not issued reports on its evaluation of its own work; this is a conscious priority decision and must be viewed in connection with other announcements in the company's communications to the public. Moreover, external evaluations of the Board's work are probably the most influential and are likely to remain so in the future.

10. Risk management and internal control

Risk management and internal control. The Group's activities are varied, depending on each entity's position in the value chain, and consequently require differentiated forms of management and follow-up. Good internal management systems are essential for success, and these must be continuously developed in order to accommodate fluctuating conditions. The Group's regional structure with independent entities, also in respect of short-term reporting, facilitates good control and a powerful focus. Internal control is based on daily and weekly reports that are summarised into monthly reports tailored to the individual company, and at Group level. There is an emphasis on developing uniform reporting procedures and formats in order to ensure correct reporting from all entities and up to an aggregate level.

As Lerøy Seafood Group is an international seafood corporation with decentralised operations and a significant volume of biological production, the company is exposed to a number of risk factors. The Board of Directors therefore works hard to ensure that the Group implements all measures required to control risk, to limit individual risk and to keep risk as a whole within acceptable constraints.

Operating risk. Fish farming takes place in relatively open seas, which provide the best conditions for fish farming in terms of the environment and health of the fish. However, this places significant demands on both personnel and equipment. The production plants are continuously subjected to the forces of nature, representing a certain risk of damage to equipment which, in turn, may result in accidental release of fish. The company reported some minor incidents involving accidental release of fish in 2018, cf. the more detailed description in the

Group's Environmental Report at www.leroyseafood.com. Keeping animals in intensive cultures will always entail a certain risk of illness. Fish are particularly vulnerable to illness when they start life at sea, as they are exposed to stress during this period and have to adapt to a completely new environment. The risk of illness can be reduced by ensuring high quality smolt, vaccinations, good conditions and the correct locations for the fish. The Group also has a focus on sustainable feed.

For more comments on biological production, please refer to the Group's Environmental Report.

Market risk. The Group's result is strongly reliant on the developments in global salmon and trout prices and now increasingly on whitefish prices, in particular cod. The Group seeks to reduce this risk factor by ensuring that a certain proportion of sales are so-called contract sales.

The Norwegian fish farming industry faces political risk linked to decisions by the national authorities, including framework conditions for fish farming and licence terms related to fisheries legislation.

However, as the seafood industry is mainly international and Norway is a major export nation for seafood, we are aware that trade barriers have been and will continue to be a significant risk factor for the industry. The political trade barriers laid down in 2014 on Norwegian salmon and trout exports to Russia, and which are still in force, provide an illustration of such political risk in practice.

Currency risk. The Group has international operations and is thus exposed to currency risk with several currencies. The Group makes use of currency derivatives combined with withdrawals/ deposits in multi-currency accounts in order to minimise currency risk on outstanding accounts receivable, signed sales contracts and ongoing contractual negotiations. The Group's long-term liabilities are mainly in Norwegian kroner.

Credit risk. Pursuant to the Group's strategy for managing credit risk, the Group's trade receivables are mainly covered by credit insurance or other forms of security. All new customers are subjected to a credit rating.

Interest rate risk. The majority of the Group's long-term debt is at floating rates of interest, representing exposure to increases in the market interest rate. Interest rate swap agreements are signed to reduce interest rate risk.

Liquidity risk . The most significant individual factor related to liquidity risk is fluctuations in salmon prices and now, to an increasing degree, prices for whitefish and in particular cod. Liquidity is also affected by fluctuations in production and slaughter volumes and changes in feed prices, which is the most prominent single factor on the cost side. Feed costs are impacted by the developments in prices for marine raw materials and agricultural products.

Review by the Board of Directors. A significant share of the work of the Board of Directors is ensuring that the company management is familiar with and understands the Group's risk areas and that risk is managed by means of appropriate internal control. Frequent evaluations and assessments are conducted of both the management's and Board's understanding of risk and internal control. The audit committee plays an important role in these evaluations and assessments.

Description of the main elements of risk management and internal control related to financial reports. Internal control within the Group is based on the recommendation from the "Committee of Sponsoring Organizations of the Treadway Commissions" (COSO), and covers control environment, risk assessment, control activities, information and communication, and monitoring. The main purpose of the COSO framework is to identify, evaluate and manage the company's risk in an efficient and appropriate manner. The content of these different elements is described in detail below.

Control environment. The core of an enterprise is the employees' individual skills, ethical values and competence, in addition to the environment in which they work.

Guidelines for financial reporting. On behalf of the CFO, the Chief Accountant for the Group provides guidelines to entities within the Group. These guidelines place requirements on both the content of and process for financial reporting.

Organisation and responsibility. The Chief Accountant for the Group reports to the CFO and is responsible for areas such as financial reporting, budgets and internal control of financial reporting within the Group.

The Directors of the reporting entities are responsible for continuous financial monitoring and reporting. The entities all have management groups and financial functions which are adapted to their organisation and business. The entity managers shall ensure implementation of appropriate and efficient internal control and are responsible for compliance with requirements.

The audit committee shall monitor the process of financial reporting and ensure that the Group's internal control and risk management systems function efficiently. The audit committee shall also ensure that the Group has an independent and efficient external auditor.

The financial statements for all companies in the Group are audited by an external auditor, within the framework established in international standards for auditing and quality control.

Risk assessment. The Chief Accountant for the Group and the CFO identify, assess and monitor the risk of errors in the Group's financial reports, together with the managers of each entity.

Control activities. Reporting entities are responsible for the implementation of adequate control actions in order to prevent errors in the financial reports.

Processes and control measures have been established to ensure quality assurance of financial reports. These measures comprise mandates, division of work, reconciliation/documentation, IT controls, analyses, management reviews and Board representation within subsidiaries.

The Chief Accountant for the Group provides guidelines for financial reporting to the different Group entities. The Chief Accountant for the Group ensures that reporting takes place in accordance with prevailing legislation, accounting standards, established accounting principles and the Board's guidelines
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The Chief Accountant and the CFO continuously assess the Group's and the entities' financial reports. Analyses are carried out in relation to previous periods, between different entities and in relation to other companies within the same industry.

Review by the Group management. The Group management reviews the financial reports on a monthly basis, including the development in figures for profit/loss and on the statement of financial position.

Reviews by the audit committee, Board and general meeting. The audit committee and Board review the Group's financial reports on a quarterly basis. During such reviews, the audit committee has discussions with the management and external auditor. At least once a year, the Board holds a meeting with the external auditor, without the presence of the administration.

The Board reviews the interim accounts per quarter and the proposal for the financial statements. The financial statements are adopted by the annual general meeting.

Information and communication. The Group has a strict policy of providing correct and open information to shareholders, potential shareholders and other stakeholders. Item 13, "Information and communication" contains more detailed information.

Follow-up of reporting entities. Those persons responsible for entities which issue reports shall ensure appropriate and efficient internal control in accordance with requirements and are responsible for compliance with such requirements.

Group level. The Chief Accountant and CFO review the financial reports issued by the entities and the Group, and assess any errors, omissions and required improvements.

External auditor. The external auditor shall provide the audit committee with a description of the main elements of the audit from the previous financial year, in particular significant weak points identified during internal control related to the process of financial reporting.

The Board of Directors. The Board, represented by the audit committee, monitors the process of financial reporting.

11. Remuneration of the board of directors

Board remuneration is not performance based. The Board members elected by the shareholders have no share options. If enterprises that board members are associated with perform work for the company's Board, the question of independence is treated specifically by the Board.

Remuneration of the Chairman of the Board and other board members is recommended by the nomination committee and adopted by the general meeting. The annual general meeting on 23 May 2018 adopted remuneration of the Board of Directors as follows: Annual remuneration of the Chairman of the Board, NOK 375 000. Annual remuneration of the other board members, NOK 200 000. However, no remuneration is paid to the Chairman of the Board that represents a duty to report. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees related to the role as working Chairman of the Board from the Group's leading company, Laco AS, where the Chairman of the Board is an employee.

It is recommended that remuneration for any additional work carried out by members of the Board of Directors' sub-committees be paid separately in addition to the basic fees for board members of NOK 40 000 per year.
Annual remuneration of the members of the nomination committee totalled NOK 35 000 per member.

12. Remuneration of executive personnel

This item is referred to in the chapter regarding the Board of Directors' Statement on Salaries and other Remuneration of Executive Personnel.
The general meeting will vote individually on the recommended and binding guidelines.

13. Information and communications

Lerøy Seafood Group ASA has a strict policy of providing correct and open information to shareholders, potential shareholders and other stakeholders. Timely, relevant, consistent and current information is the basis upon which all interested parties will assess the value of the company's shares. The company's most important medium for distributing information is the Oslo Stock Exchange reporting system, but the company will also hold presentations for investors and analysts. Lerøy Seafood Group keeps its shareholders informed via the Board of Directors' report, quarterly reports and at appropriate presentations. In addition, press releases are sent out regarding important events on the company's markets, or about other relevant circumstances.

Every year, Lerøy Seafood Group ASA publishes the company's financial calendar, showing the dates for presentation of the interim financial statements and the date of the annual general meeting. The date for payment of dividends is decided by the company's annual general meeting.

The company's website – www.leroyseafood.com – is updated constantly with information distributed to shareholders. No specific guidelines have been compiled for the company's contact with shareholders outside the general meeting. This is due to the fact that the current integrated practice within this area is deemed satisfactory.

14. Take-overs

Lerøy Seafood Group ASA has no restrictions in its Articles of Association regarding company take-overs. As of 3 June 2002, the shares in Lerøy Seafood Group ASA have been quoted on the main listing of the Oslo Stock Exchange and are freely negotiable within the provisions of Norwegian law. The company has only one class of shares and each share carries one vote at the general meeting.

If a take-over bid is made for the company, the Board of Directors will make a statement prior to the expiry of the bid. The Board of Director's statement will also include a recommendation as to whether the shareholders should accept the bid or not. The Board of Directors will emphasise equal treatment of the shareholders and no unnecessary disturbance of the company's operations.

15. Auditor

Auditing – annual plan. For a number of years, Lerøy Seafood Group ASA has engaged the services of PriceWaterhouseCoopers AS as Group auditor. The company's auditor follows an auditing plan which has been reviewed in advance together with the audit committee and management. The auditor and audit committee perform an annual audit of the company's internal control, including identified weak points and recommended improvements. The Board is informed of the general nature of the services the administration buys from the auditor.

Treatment of the financial statements. The auditor holds meetings with the audit committee and management subsequent to the interim audit and in connection with the company's presentation of interim reports for the fourth quarter. The auditor attends board meetings where the annual reports are to be approved, and also holds a meeting on the subject of the annual report with the Board of Directors, at which the management does not attend. During these meetings, the auditor reviews any significant changes in the company's accounting policies, evaluations of significant accounting estimates and all significant factors on which the auditor and management disagree. To date, there has been no such disagreement on any factors.

Auditor – other services. The auditor prepares a written confirmation of independence for the audit committee, with written disclosure to the audit committee of all other services provided in addition to mandatory auditing. The auditing company utilised is a large company and practices internal rotation, in compliance with the requirement for independence.

Moreover, the auditor is available for questions and comments to the financial statements and other matters at the Board's discretion.

Remuneration of the auditor. Invoiced fees from the auditor are presented in a separate note to the financial statements. The company's annual general meeting is also notified of remuneration of the auditor.

No specific guidelines have been established for the CEO's mandate to make use of the auditor for other services than auditing. The Board of Directors is instead continuously informed of the main aspects of the services purchased by the administration from the auditor.