



# BELSHIPS

## NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Belships ASA will be held at the offices of Belships ASA in Lilleakerveien 4 in Oslo on Thursday 23 May 2019 at 15:00 hours (CET).

The following matters are on the agenda:

**1. Opening by the Chairman of the Board and registration of attending shareholders and proxies**

**2. Election of a Chairman of the meeting and at least one person to sign the protocol together with the Chairman**

**3. Approval of notice and agenda**

**4. Chief Executive Officer's statement**

**5. Approval of the annual accounts and the annual report for the financial year 2018 of Belships ASA and the Belships Group**

The annual accounts, the annual report, the auditor's report and the report from the Board for the financial year 2018 are made available on the company's website [www.belships.com](http://www.belships.com).

**6. Proposal of appropriation of the result for Belships ASA for the financial year 2018**

Further information regarding the appropriation of the company's profit is made available on [www.belships.com](http://www.belships.com) and is enclosed hereto as appendix 1.

**7. Approval of remuneration to the company's auditor for 2018**

The Board proposes that the fee to the company's external auditor, Ernst & Young AS, of NOK 222,500 for the financial year 2018 is approved.

**8. Approval of remuneration to the Board, the Audit Committee and the Nomination Committee for 2018 and 2019**

Further information on remuneration to the Board, the Audit Committee and the Nomination Committee for 2018 and 2019 is made available on [www.belships.com](http://www.belships.com) and is enclosed hereto as appendix 2.

**9. The Board's statement on corporate governance**

The Board's statement on corporate governance is made available on [www.belships.com](http://www.belships.com) and is enclosed to this notice as appendix 3.

**10. Declaration of remuneration to leading employees**

The declaration is made available on [www.belships.com](http://www.belships.com) and is enclosed to this notice as appendix 4.

In accordance with Section 5-6 (3) of the Public Limited Liability Companies Act, the general meeting will consider the guidelines on stipulation of salary and other remuneration by an advisory vote (item 10.1), whilst the part of the guidelines that relates to remuneration linked to the development of the company's share price is subject to approval by the general meeting (item 10.2).

*10.1. Advisory vote related to the Board's guidelines on stipulation of salary and other remuneration for leading employees*

The Board recommends that the general meeting endorses the Board's guidelines on stipulation of salary and other remuneration for leading employees.

*10.2. Approval of the Board's proposal related to guidelines for remuneration linked to the development of the company's share price*

The Board recommends that the general meeting approves the proposal related to guidelines for remuneration linked to the development of the company's share price as described in the declaration on stipulation of salary and other remuneration for leading employees.

**11. Amendments to the articles of association**

The Board proposes to amend the articles of association so that the Board also may consist of up to two observes elected at the general meeting's discretion. At the same time, the Board proposes to amend the articles of association to reflect that the text has been subject to a general clean-up.



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The Board's proposal for amendments to the articles of association is available on [www.belships.com](http://www.belships.com) and is enclosed hereto as appendix 5.

## **12. Share issue in connection with acquisition of vessel from Wenaas Shipping AS**

As part of the financing of the contemplated acquisition of a 58,700 dwt bulk carrier from Wenaas Shipping AS, the Board proposes that the general meeting resolves to increase the company's share capital by the issuance of 8,060,650 new shares to the seller of the vessel to the agreed transaction price of NOK 7.00 per share. Further information on the Board's proposal to increase the company's share capital, including the auditor's statement, is made available on [www.belships.com](http://www.belships.com) and enclosed hereto as appendix 6.

## **13. Share issue in connection with acquisition of M/V Sephora from Prospero Marine Ltd.**

As part of the financing of the contemplated acquisition of M/V Sephora, a 55,866 dwt bulk carrier from Prospero Marine Ltd., the Board proposes that the general meeting resolves to increase the company's share capital by the issuance of 7,405,114 new shares to the seller of the vessel to the agreed transaction price of NOK 7.00 per share. Further information on the Board's proposal to increase the company's share capital, including the auditor's statement, is made available on [www.belships.com](http://www.belships.com) and enclosed hereto as appendix 7.

## **14. Share issue in connection with acquisition of Sofie Victory AS**

As part of the financing of the contemplated acquisition of M/V Sofie Victory, a 63,000 dwt bulk carrier, from EGD Ultra Eco AS and Blossom Shipmanagement AS, the Board proposes that the general meeting resolves to increase the company's share capital by the issuance of minimum 9,000,000 and maximum 13,000,000 new shares to the sellers, to the agreed transaction price of NOK 7.00 per share. Further information on the Board's proposal to increase the company's share capital, including the auditor's statement, is made available on [www.belships.com](http://www.belships.com) and enclosed hereto as appendix 8.

## **15. Authorisation to issue shares to employees**

The Board wishes to extend the company's employee option program and has therefore proposed that the general meeting grants the Board an authorisation to increase the company's share capital with up to NOK 400,000 by issuance of up to 200,000 shares in the company. Reference is

made to the Board's proposal made available on [www.belships.com](http://www.belships.com) and enclosed hereto as appendix 9.

## **16. Authorisation to issue shares**

The Board deems it useful to have an authorisation to increase the company's share capital, and proposes that the general meeting grants the Board an authorisation to increase the share capital with up to NOK 175,000,000 of the share capital, by way of issuing up to 87,500,000 new shares in the company. Further information on the authorisation's duration and content, including the Board's proposed resolution, is made available on [www.belships.com](http://www.belships.com) and enclosed hereto as appendix 10.

## **17. Authorisation to acquire treasury shares**

The Board proposes that the general meeting grants the Board the right to, on behalf of the company, acquire up to 15,000,000 treasury shares at the Board's discretion. For further information, reference is made to the Board's proposed resolution made available on [www.belships.com](http://www.belships.com) and enclosed hereto as appendix 11.

## **18. Election of a new auditor**

The Board proposes that PriceWaterhouseCoopers AS is elected as the company's new external auditor.

## **19. Establishment of a Nomination Committee**

The Board proposes that the company establishes a Nomination Committee. The tasks of activities of the Committee will, amongst others, be to submit a recommendation to the general meeting with proposed candidates to be elected to the Board. Further, the Board proposed that the Nomination Committee is laid down in the articles of association (please refer to item 11 and appendix 5).

### *19.1. Election of Nomination Committee members*

The Board proposes that the following candidates are elected as members of the Nomination Committee:

- Vegard Gjerde
- Kristian Falnes

Further information on the proposed candidates, including the Board's reasoning, is made available on [www.belships.com](http://www.belships.com) and enclosed hereto as appendix 12.



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## 19.2. *Adoption of guidelines for the duties of the Nomination Committee*

The Board's proposal for guidelines for the duties of the Nomination Committee is made available on [www.belships.com](http://www.belships.com) and is enclosed hereto as appendix 13.

## 20. Election of Board members

The Board proposes that all board members are re-elected for the period until the annual general meeting in 2020, and in addition that Jan Erik Sivertsen is elected as an observer:

- Peter Frølich (chairman)
- Sissel Grefsrud
- Carl Erik Steen
- Jorunn Seglem
- Frode Teigen
- Sverre Jørgen Tidemand
- Birthe Cecilie Lepsø
- Jan Erik Sivertsen (observer)

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# BELSHIPS

## Information to the shareholders

Belships ASA is a public limited liability company subject to the provisions of the Norwegian Public Limited Companies Act. There are in total 350,235,986 issued shares in the company. Belships ASA owns 548,000 treasury shares without voting rights. Each share carries one vote at the General Meeting, and the shares also rank pari passu in other respects.

If shares are registered by a nominee in the VPS register, c.f. section 4-10 of the Norwegian Public Limited Companies Act, and the beneficial shareholder wishes to vote for his/her shares, the beneficial shareholder must transfer the shares to an account in their own name in order to attend and vote at the General Meeting.

Shareholders are entitled to present alternatives to the Board's proposals under the various items on the agenda of the General Meeting, provided that the alternative proposals are within the scope of the matter under consideration. The shareholders are also entitled to request information from the members of the Board and the CEO about matters that may affect the consideration of (i) the adoption of the annual accounts and the annual report, (ii) any matters that have been submitted to the shareholders for decision and (iii) the company's financial position.

The shareholders are requested to give notice of their attendance at the Annual General Meeting within 21 May 2019 at 13:00 hours (CET). Shareholders who are prevented from participating may be represented by a legal representative or by proxy. The written proxy must be dated. If the shareholder is a company, a certificate of registration must be enclosed the proxy. If desired the proxy can be in the name of the Chairman of the Board, Peter Frølich, or the company's Chief Executive Officer, Lars Christian Skarsgård. Attached is notice of attendance and proxy form which may be used for these purposes.

This notice, the current articles of association, the annual accounts, the annual report, the auditor's report for the financial year 2018 and other related documents are available on [www.belships.com](http://www.belships.com).

*Oslo, 30 April 2019*  
*The board*

Peter Frølich  
(chairperson)



# BELSHIPS

## ATTENDANCE

### NOTICE OF ATTENDANCE

The undersigned owns ..... shares in Belships ASA and will attend the company's Annual General Meeting on 23 May 2019.

If the shareholder is a company:..... will represent the company at the Annual General Meeting.

I will also attend on behalf of the following shareholders (by proxy):

Number of shares:

.....

.....

.....

.....

.....  
Date

.....  
Signature (please repeat with block letters)

*Please send the attendance form to:*

Belships ASA  
Postboks 23 Lilleaker  
0216 Oslo  
Email: [unni.hallen@belships.no](mailto:unni.hallen@belships.no) | Fax no.: 23 29 42 65

The attendance form must be in Belships ASA's possession no later than on **21 May 2019 at 13:00 (hours) CET**. Remember to bring valid identification by physical attendance at the general meeting.



# BELSHIPS

## FORM OF PROXY

The undersigned owner of ..... shares in Belships ASA hereby appoints

.....  
Name

.....  
Address

to attend and vote on my behalf at the company's Annual General Meeting.

.....  
Date

.....  
Signature (please repeat with block letters)

		In favour	Against	Abstention	At proxy's discretion
<b>1</b>	Opening by the Chairman and registration of attending shareholders and proxies				
<b>2</b>	Election of Chairman of the meeting and at least one person to sign the protocol together with the Chairman				
<b>3</b>	Approval of notice and the agenda				
<b>4</b>	Chief Executive Officer's statement				
<b>5</b>	Approval of the annual accounts and the annual report for the financial year 2018 of Belships ASA and the Belships Group				
<b>6</b>	Proposal of appropriation of the result for Belships ASA for the financial year 2018				
<b>7</b>	Approval of remuneration to the company's auditor for 2018				
<b>8</b>	Approval of remuneration to the Board, the Audit Committee and the Nomination Committee for 2018 and 2019				
<b>9</b>	The Board's statement on corporate governance				
<b>10</b>	Declaration of remuneration to leading employees				
10.1	Advisory vote related to the Board's guidelines on stipulation of salary and other remuneration for leading employees				
10.2	Approval of the Board's proposal related to guidelines for remuneration linked to the development of the company's share price				
<b>11</b>	Amendments to the Articles of Association				
<b>12</b>	Share issue in connection with acquisition of vessel from Wenaas Shipping AS				
<b>13</b>	Share issue in connection with acquisition of M/V Sephora from Prospero Marine Ltd.				
<b>14</b>	Share issue in connection with acquisition of M/V Sofie Victory				
<b>15</b>	Authorisation to issue shares to employees				
<b>16</b>	Authorisation to issue shares				
<b>17</b>	Authorisation to acquire treasury shares				
<b>18</b>	Election of an auditor				
<b>19</b>	Establishment of a Nomination Committee:				
19.1	Election of Nomination Committee members				
	- Vegard Gjerde				



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	- Kristian Falnes				
19.2	Adoption of guidelines for the duties of the Nomination Committee				
<b>20</b>	Election of Board members:				
	- Peter Frølich				
	- Sissel Grefsrud				
	- Carl Erik Steen				
	- Jorunn Seglem				
	- Frode Teigen				
	- Sverre Jørgen Tidemand				
	- Birthe Cecilie Lepsøe				
	- Jan Erik Sivertsen (observer)				

*Please send the proxy form to:*

Belships ASA  
Postboks 23 Lilleaker  
0216 Oslo  
Email: [unni.hallen@belships.no](mailto:unni.hallen@belships.no) | Fax no.: 23 29 42 65

The proxy form must be in Belships ASA's possession no later than on **21 May 2019 at 13:00 (hours) CET**. Remember to bring valid identification by physical attendance at the general meeting.

**Appropriation of the result for Belships ASA for the financial year 2018**

Belships ASA had a negative result for the financial year 2018 of NOK 54,048,00. The Board proposes the following appropriation of the profit for the year:

Transfer from other retained earnings	NOK 54,048,00
<b>Sum transfers and disposals</b>	<b>NOK 54,048,00</b>

## Appendix 2

### Remuneration to the Board, the Audit Committee and the Nomination Committee for 2018 and 2019

The Board's and the Audit Committee's remuneration for 2018 is proposed to be determined as follows:

	Remuneration to the Board	Remuneration to the Audit Committee	Sum remuneration
Sverre J. Tidemand, chairman of the Board	NOK 176,000		NOK 176,000
Sissel Grefsrud, Board member, Audit Com. member	NOK 133,000	NOK 30,000	NOK 163,000
Kjersti Ringdal, Board member, Audit Com. member	NOK 133,000	NOK 30,000	NOK 163,000
Christian Rytter, Board member, chairman of the Audit Com.	NOK 133,000	NOK 35,000	NOK 168,000
Carl Erik Steen, Board member	NOK 133,000		NOK 133,000
<b>Sum</b>	<b>NOK 708,000</b>	<b>NOK 95,000</b>	<b>NOK 803,000</b>

The Board's remuneration for 2019 is proposed to be determined as follows:

Remuneration to the chairman	NOK 400,000
Remuneration to the Board members	NOK 200,000
Remuneration is paid quarterly	

The Audit Committee's remuneration for 2019 is proposed to be determined as follows:

Remuneration to the chairman	NOK 50,000
Remuneration to the Audit Committee members	NOK 35,000
Remuneration is paid quarterly	

The Nomination Committee's remuneration for 2019 is proposed determined as follows:

Remuneration to the chairman	NOK 25,000
Remuneration to the Nomination Committee members	NOK 25,000
Remuneration is paid yearly	

## CORPORATE GOVERNANCE

Good corporate governance is a prerequisite for cooperation based on trust between the company's owners, its Board and management, with a view to achieving the objective of long-term growth.

All relevant parties must be confident that the company is soundly operated and that the corporate governance is well defined, fit for purpose and carried out with integrity and independence.

Belships competitiveness hinges on stakeholders and prospective customers trust in the company's integrity and ethical behavior. Board members, management and employees will therefore always strive to uphold and develop trust in the company. Belships' values and ethical guidelines are intended to safeguard good corporate ethics.

### 1. Implementation and reporting on corporate governance

Belships' corporate governance policy is based on "The Norwegian Code of Practice for Corporate Governance" (the "**Code**"), most recently revised on 17 October 2018 and issued by the Norwegian Corporate Governance Policy Board. The policy is designed to establish a basis for good corporate governance to support achievement of the company's core objectives on behalf of its shareholders, including the achievement of sustainable profitability.

By pursuing the principles of corporate governance, the board of directors and management contributes to achieving open communication, equal rights for all shareholders and good control and corporate governance mechanisms. The board of directors assesses and discusses the corporate governance policy on a yearly basis.

Belships aspire to comply with the recommendations of the Code. If the Code is deviated from, the deviation is described and explained in the relevant section of this statement.

### 2. The business

The company's business is clearly described in the company's articles of association and is as follows:

*"The objective of the company is shipping, charter brokerage and purchase and sale of vessels, offshore operations, participation in the exploration for and the production of petroleum, trade and industry as well as participation in companies of any sort with similar objectives."*

The company is listed on the Oslo Stock Exchange and is for the time being engaged in dry bulk and technical management of ships.

The board of directors has defined objectives, strategies and risk profiles for the company's business activities, and is in the process of further developing and adapting these objective, strategies and risk profiles in light of the newly combined business of Belships and the Lighthouse Group in order to create value for the company's shareholders.

The board of directors evaluates the company's objectives, strategies and risk profiles on an annual basis.

The company has implemented guidelines for how it integrates corporate social responsibility into its activities. These guidelines are further described in the company's social responsibility report included on p. 81 to the annual report.

### 3. Equity and dividend

#### Capital structure

As at 31 December 2018, the company had a total equity of USD 123.8 million, corresponding to an equity ratio of 42.2%. The board of directors deems the liquidity position of the company to be satisfactory, with cash and cash equivalents of USD 32 million. The company had mortgage debt of USD 107 million as of 31 December 2018 and a net lease obligation of USD 40.8 million.

The board of directors is of the view that the capital structure of the company is appropriate to the company's objectives, strategies and risk profile.

#### Dividend policy

Belships aims to maximize the value for the company's share through an efficient and profitable management of the company's resources. A competitive return is to be obtained through growth in the value of the company's shares and the payment of competitive dividends.

The board of directors does not have any authorization to distribute dividend.

#### Authorisations to the board of directors

At the AGM in 2018, the board was granted an authorisation to increase the share capital by issuing up to NOK 400,000. The authorisation can be used in connection with the company's share option program for employees. The authorisation is valid until the AGM in 2019, but not longer than 30 June 2019.

At the AGM in 2018, the board was also granted an authorisation to increase the share capital by issuing up to 4,700,000 new shares. The authorisation can be to raise equity through subscription of new shares or in connection with the acquisition of others companies by merger or otherwise and / or for the acquisition of shares in ships, including shares in limited partnerships and general partnerships. This authorisation accordingly covered more than one purpose, but the board is of the view that such authorisation gives the board a flexibility to increase the share capital either in connection with acquisitions, to raise equity or a combination of the two, depending on the specific needs of the company. The authorisation is valid until the AGM in 2019, but not longer than 30 June 2019.

The board was also granted an authorisation to, on behalf of the company, acquire up to 700,000 treasury shares at the Board's discretion. The authorisation was not limited to a specific purpose in order to give the board sufficient flexibility.

### 4. Equal rights for shareholders and transactions with related parties

When increasing share capital through the issue of new shares for cash payment, the company's shareholders have normally a pre-emptive right to subscribe for the new shares. If the board resolves to carry out an increase in share capital and waive the pre-emptive rights of existing shareholders on the basis of an authorization granted to the board, this will only be done where justified in light of the company's and the shareholders' interests. Such justification will be published in connection with the announcement of the increase in capital. The board of directors has not made any resolutions to increase the share capital based on the authorizations granted at the GM in 2018.

The board of directors was given an authorization at the GM in 2018 to acquire treasury shares. No such transactions have taken place in 2018.

In the event of any 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, the board will arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations will also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders. No such transactions have taken place in 2018 other than the merger with the Lighthouse Group which was approved by the general meeting pursuant to the requirements of the Public Companies Act.

## 5. Shares and negotiability

The shares in Belships are freely negotiable and there are no restrictions on any party's ability to own, trade or vote for the share in the company.

## 6. General Meeting

The board of directors seeks to ensure that as many of the company's shareholders as possible can participate in the general meeting and that the resolutions and any supporting documentation are sufficiently detailed, comprehensive and specific allowing shareholders to understand and form a view on all matters to be considered at the general meeting.

In the notice of the general meeting, it may be decided that shareholders who wish to take part in the general meeting, either in person or by proxy, must notify the company to this effect by a deadline of up to two (2) days before the general meeting.

The members of the board have been present at the general meetings in 2018. The company did not have a nomination committee in 2019.

The board of directors has previously considered the need for an independent chairman for the general meeting on a case to case basis. The company's annual general meeting in 2018 was chaired by the chairman of the board of directors, while the company's extraordinary general meeting in October 2018 was chaired by an independent chairman.

The company has not in the past accommodated for advanced voting, but the board of directors, but the board of directors intend to propose for the annual general meeting in 2019 that the articles of association are amended so that shareholders who are unable to be present at the general meeting will be given the opportunity to vote by proxy or through written voting in a period prior to the general meeting. The company will in this respect provide information on the procedure and prepare a proxy form/written voting form, which will be set up so that it is possible to vote on each of the items on the agenda and candidates that are nominated for election.

## 7. Nomination committee

As members of the board of directors historically has represented, directly and indirectly, more than 50% of the shareholdings in Belships ASA, the company has not had a nomination committee in the

past. The Board has fulfilled this role itself, and the work to review candidates for the board has been handled by ad hoc committees of the board and chaired by the chairman.

The board of directors have, however, decided to propose for the annual general meeting in 2019 that a nomination committee is established and is laid down in the company's articles of association. The nomination committee will be established in accordance with the recommendation included in the Code.

## **8. Board – composition and independence**

The Board consists of seven members and the Board is made up of directors with broad experience and knowledge of the sector in order to attend to the common interests of all shareholders and meet the company's need for expertise, capacity and diversity.

Five directors are independent of day-to-day management, the majority shareholder and major business connections. The board of directors does not include members of the executive management.

The board has historically elected its own chairman, which is a deviation from the Code, but the board of directors will propose for the annual general meeting in 2019 that the chairman is elected by the general meeting going forward.

The term of office for the board members are two years and members may be re-elected.

Further information regarding the expertise of the members of the board and information on their record of attendance at board meetings is included in the annual report.

Board members are encouraged to own shares in the company and three directors own shares in the company. Further information regarding the board of directors, including their record of attendance is included the annual report.

## **9. The work of the board of directors**

The board of directors have adopted instructions for its own work and for the executive management. The rules of procedure that apply to the Chief Executive Officer, specify his responsibilities and the decisions that have to be approved by the Board. The Board's duties comprise the review and supervision of the Group's internal control procedures and risk management. The same applies to ensuring that the company's integrity is safeguarded.

The board of directors have also implemented procedures to ensure that members of the board of directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the board of directors. The board of directors will also be chaired by some other member of the board if the board is to consider matters of a material character in which the chairman of the board is, or has been, personally involved.

The board establishes an annual plan for its work and evaluates its performance and expertise annually.

The Board meets at least six times a year and receives a monthly report on the company's operations. In addition, the Board is consulted on or informed about matters of special importance.

### **Audit committee**

The audit committee consist of Birthe Cecilie Lepsøe (chairman) and Peter Frølich. The committee's objective is to act as a preparatory working committee and support in connection with the board's supervisory roles with respect to financial reporting and the effectiveness of the company's internal control system. The members of the audit committee are independent of the company and at least one member of the audit committee is competent in respect of finance and audit. The Board has prepared rules of procedure for the audit committee.

**Remuneration committee**

The board of directors has considered, but not found the need to establish a remuneration committee in the past, but in intends to establish a remuneration committee in accordance with the recommendations of the Code in 2019.

## 10. Risk management and internal control

The board is responsible for ensuring that the company has sound internal control and believes that the systems for risk management implemented by the company are appropriate in relation to the extent and nature of the company's activities. The company's systems for internal control are closely linked to the company's guidelines for corporate social responsibility.

The board annually reviews the company's most important areas of exposure to risk and its internal control arrangements.

## 11. Remuneration to the board of directors

The company endeavors to grant directors a remuneration based on market terms which reflect the responsibility, expertise, time commitment and the complexity of the company's activities. The remuneration to directors is approved by the company's GM. The remuneration is granted at the end of the year of service.

Directors have no options to buy shares in the company or any other remuneration linked to the company's results, nor do they receive compensation other than the Board fees.

None of the directors perform other assignments for the company in addition to their appointment as member of the board of directors.

## 12. Remuneration to the executive management

The Board has prepared guidelines for the remuneration of the executive management, pursuant to the law, which are submitted to the GM. Details concerning the remuneration of the company's officers are provided in a separate note to the accounts.

The company has a share option scheme that applies to all employees in Norway, including the executive management. In addition, the Chief Executive Officer has a separate option arrangement. GM has voted separately on the approval of the authorization to the board to issue shares to honor the option program.

### 13. Information and communication

The company keeps Oslo Stock Exchange, the stock market and shareholders fully updated through interim reports, annual reports and press releases on important events. The company also has a website, which is regularly updated. Belships regards timely and accurate information as essential for obtaining a price for the share that will reflect the company's underlying value and prospects.

### 14. Company takeover

The Board has not prepared any principles for how to act in the event of a take-over bid. If such a bid should be made, the Board considers it important that shareholders are treated equally and that the company's operations are not unnecessarily disturbed. The Board's actions will take this into account in such a situation.

### 15. Auditor

The auditor submits the main features of the company's annual audit plan to the audit committee. The company's auditor attends the board meetings that deal with the annual accounts. At such board meetings, the auditor reports on any material changes in the company's accounting principles and key aspects of the audit, comments on any material estimated accounting figures and reports all material matters on which there has been disagreement between the auditor and the executive management of the company. The board reviews the company's internal control procedures together with the auditor at least annually.

The board and the auditor also meet at least once a year without the Chief Executive Officer or other members of the executive management being present. The auditor also attends the company's GM and has access to the company's minutes of board and GMs.

The company's auditor is Ernst & Young. Besides ordinary audits, Belships receives assistance from Ernst & Young in connection with accounting and tax issues within the field in which the auditor can assist under the rules of independence. The auditing and counseling fees appear from the notes to the accounts. The Board makes a running assessment of whether the audit is performed in a satisfactory manner.

The company's management meets the auditor regularly to discuss current tax and accounting issues. The board of directors have established guidelines for such use of the auditor by the executive management.

### **Declaration on stipulation of salary and other remuneration to the executive management**

Pursuant to Section 6-16a of the Norwegian Public Limited Liability Companies Act, the board of directors shall prepare a declaration on stipulation of salary and other remuneration to the executive management. Further in accordance with Section 5-6 (3) of the Norwegian Public Limited Liability Companies Act the general meeting shall have an advisory vote regarding the board of directors declaration on stipulation of salary and other remuneration to the executive management for the upcoming fiscal year. If the stipulations are linked to incentive programs based on the company's share price, the stipulations regarding such incentive programs shall be approved by the general meeting.

With regards to the determination of salary and other remuneration to the executive management in the upcoming fiscal year, the board of directors presents the following stipulations for the advisory vote at the general meeting the 23 May 2019, and the stipulations regarding the option program will, nevertheless, be binding:

- Belships wants to have a compensation program which is competitive in order to secure that the company has the necessary capacity and competence.
- Belships intends to have a fixed salary which is in accordance with the market. In addition, there is a variable element (bonus and options) linked to profit development and value creation.

The remuneration consist of the following elements:

#### *(a) Permanent elements*

Belships assesses other companies within the same business and of the same size in order to determine the "correct" position and fixed salary level. The individual responsibility, results and performance determines the placement on the salary scale. Remuneration to the CEO is subject to the board of directors approval after the recommendation from the chairman of the board of directors.

The employees have contribution-based pension scheme.

In addition to the above, the company has two variable salary elements which is described below, and car and mobile phone arrangements and other limited payments in kind.

In the event of a termination by the employer, the CEO is entitled to receive payment after termination of employment agreement for a period of 12 months' after the notice period.

#### *(b) Variable elements*

##### *i) Bonuses*

It was not paid bonuses in 2018 and bonus programs for 2019 has not been agreed.

##### *ii) Share options*

The company has a share option program for all employees. Within a total limit of 200,000 shares, all employees are allocated a right to acquire shares to 105% of the stock market price at a date of the general meeting that adopted the share option program. The option may, at the earliest, be exercised one year after the date of the general meeting that adopted the share option program and at the latest at the date of the next annual general meeting. In accordance with the general meetings resolution, the board of directors determines the allocation to the CEO and the size of the program. The CEO determines the allocation of options to the remaining employees. The size of the program is very limited with a corresponding effect for the shareholders of the company. The board of directors

proposes to continue the option program by entitling the employees to acquire additional shares, as described in the notice to the general meeting section 15 and appendix 9.

(c) The CEO's option program

The current CEO, Lars Christian Skarsgård, has a separate option program. This option program consist of the following main elements:

- Option to subscribe for a total amount of 5,000,000 shares in Belships ASA for a subscription amount of NOK 6.
- The option will be considered as earned 36 months' from the date Lars Christian Skarsgård took the position as the CEO of Belships ASA (15 March 2019).
- The option will expire 60 months from the date Lars Christian Skarsgård took the position as the CEO of Belships ASA (15 March 2019).

Earned options may be exercised at any time until the expiry date, and the board of directors holds the right to resolve that earned options only may be exercised in certain periods of the year. Non-exercised options will be annulled if Lars Christian Skarsgård resigns or the company terminates his employment contract on certain specific bases.

Information regarding salary and other remuneration to the executive management in 2018 is presented in note 15 to the annual accounts.

# BELSHIPS ASA

## Articles of Association Adopted by the statutory general meeting on 7 October 1935 last amended 23 May 2019

### §1

The name of the company is Belships ASA.  
The company is a public limited company.

### §2

The company's registered business office is in Oslo.

### §3

The objective of the company is shipping, charter brokerage and purchase and sale of vessels, offshore operations, participation in the exploration for and the production of petroleum, trade and industry as well as participation in companies of any sort with similar objectives.

### §4

The company's share capital is NOK 350 235 986 distributed between 175 117 993 registered, fully paid-up shares with a nominal value of NOK 2.

### §5

The company's board consists of three (3) to seven (7) members, possibly with deputies depending on the decision of the general meeting. In addition the general meeting may elect up to two observers. The chairman of the board is elected by the general meeting.

The company is bound by the joint signatures of two (2) members of the board or by the joint signature of a board member and the managing director.

The board may authorise others to sign on behalf of the company per procuration.

### §6

An ordinary general meeting of the company shall be held before the end of June each year. The ordinary general meeting shall consider and decide on the following matters:

1. Approval of the annual accounts and the annual report, including the distribution of dividends.
2. Other matters which are required by law or the Articles of Association to be dealt with by the

general meeting.

Documents concerning matters to be considered at the company's general meeting, including documents which by law must be included in or enclosed with the notice of the general meeting, need not be sent to shareholders if the documents are made available on the company's website. Notwithstanding the foregoing, a shareholder may request a copy of documents which concern matters to be considered at the general meeting.

The shareholders shall be able to cast their votes in writing, including by electronic means, in a period prior to the general meeting. The board of directors may provide guidelines for such voting. The notice of the general meeting shall include the guidelines adopted by the board of directors.

In the notice of the general meeting, it may be decided that shareholders who wish to take part in the general meeting, either in person or by proxy, must notify the company to this effect by a deadline of up to two (2) days before the general meeting, stating the number of shares they represent, and where appropriate who will be acting as proxy and on behalf of how many shares.

### §7

The company shall have nomination committee. The nomination committee shall consist of two or three members, according to the decision of the general meeting. The members of the committee, including the chairman, shall be elected by the general meeting. Unless otherwise resolved by the general meeting, the elections shall be held every two years.

The nomination committee shall make recommendations to the general meeting for the election of shareholder elected board members and members of the nomination committee, and the remuneration to the members of the board of directors and the nomination committee. The remuneration to the members of the nomination committee shall be resolved by the general meeting. The general meeting may establish guidelines for the nomination committee.

# BELSHIPS ASA

## Articles of Association Adopted by the statutory general meeting on 7 October 1935

last amended ~~26 October 2018~~ 23 May 2019

### §1

The name of the company is Belships ASA. The company is a public limited company.

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The company's registered business office is in Oslo.

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The company's share capital is NOK 350 235 986 distributed between 175 117 993 registered, fully paid-up shares with a nominal value of NOK 2.

### §5

The company's board consists of three (3) to seven (7) members, possibly with deputies depending on the decision of the general meeting. ~~Each year the board elects a~~ In addition the general meeting may elect up to two observers. ~~The chairman among of the board members is~~ The chairman ~~elects by the general meeting.~~

The company is bound by the joint signatures of two (2) members of the board or by the joint signature of a board member and the managing director ~~alone.~~

The board may authorise others to sign on behalf of the company per ~~procuratorem. The managing director is appointed by the board~~ procuratorem.

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An ordinary general meeting of the company shall be held before the end of June each year. The ordinary general meeting shall consider and decide on the following matters:

1. Approval of the annual accounts and the annual report, including the distribution of dividends.
2. Other matters which are required by law or the Articles of Association to be dealt with by the

general meeting.

~~3.~~ Documents concerning matters to be considered at the company's general meeting, including documents which by law must be included in or enclosed with the notice of the general meeting, need not be sent to shareholders if the documents are made available on the company's website. Notwithstanding the foregoing, a shareholder may request a copy of documents which concern matters to be considered at the general meeting.

The shareholders shall be able to cast their votes in writing, including by electronic means, in a period prior to the general meeting. The board of directors may provide guidelines for such voting. The notice of the general meeting shall include the guidelines adopted by the board of directors.

~~§7 The company's shares shall be registered with the Norwegian Central Securities Depository (VPS).~~

~~Dividends are to be disbursed to persons registered as shareholders on the day that the dividend is agreed upon.~~

In the notice of the general meeting, it may be decided that shareholders who wish to take part in the general meeting, either in person or by proxy, must notify the company to this effect by a deadline of up to two (2) days before the general meeting, stating the number of shares they represent, and where appropriate who will be acting as proxy and on behalf of how many shares.

### §7

The company shall have nomination committee. The nomination committee shall consist of two or three members, according to the decision of the general meeting. The members of the committee, including the chairman, shall be elected by the general meeting. Unless otherwise resolved by the general meeting, the elections shall be held every two years.

The nomination committee shall make recommendations to the general meeting for the election of shareholder elected board members and members of the nomination committee, and the remuneration to the members of the board of directors and the nomination committee. The remuneration to the members of the nomination committee shall be resolved by the general meeting. The general meeting may establish guidelines for the nomination committee.

## Share issue in connection with acquisition of vessel from Wenaas Shipping AS

Belships ASA has recently entered into an agreement with Wenaas Shipping AS to acquire M/V Viola, a 58,700 dwt bulk carrier, for a total purchase price of USD 13 million. Pursuant to the agreement entered into on 2 April 2019, Belships ASA may nominate a subsidiary to take delivery of the vessel. Pursuant to the agreement the consideration to be paid for the vessel shall consist partly of a cash settlement of USD 6,500,000 and partly of a non interest bearing sellers credit of NOK 56 424 550. The seller credit shall be settled through a private placement directed towards Wenaas Shipping AS, whereby Wenaas Shipping AS shall subscribe for 8,060,650 new shares in Belships ASA at an agreed transaction share price of NOK 7.00 per share. Depending on whether the vessel is delivered directly to Belships ASA or to a subsidiary of Belships ASA, the share contribution will be settled either by way of set-off against the seller credit from Wenaas Shipping AS or by transfer of a debt receivable on the subsidiary. The purchase price shall be paid and the consideration shares shall be issued once the vessel is transferred from Wenaas Shipping AS to Belships ASA or its subsidiary. Expected delivery is June 2019.

On this background, and as part of the financing of the contemplated acquisition, the Board proposes that the general meeting adopts the following resolution:

- (i) *The share capital is increased by NOK 16,121,300 by issuance of 8,060,650 new shares, each with a nominal value of NOK 2.*
- (ii) *The shares shall be subscribed for by Wenaas Shipping AS (reg. no. 989 601 369, address 6386 Måndalen, Rauma).*
- (i) *The shareholders' preferential right to subscribe for the new shares pursuant to Section 10-4 og the Norwegian Public Limited Liability Companies is waived.*
- (ii) *The new shares shall be subscribed for on a separate subscription form within 30 June 2019.*
- (iii) *The subscription price is NOK 7 per new share. The total subscription amount is NOK 56,424,550, of which NOK 16,121,300 is share capital and NOK 40,303,250 is premium on shares.*
- (iv) *The share contribution shall be settled either by way of set-off against the seller credit of NOK 56 424 550 from Wenaas Shipping AS to Belships ASA or by transfer of a debt receivable in the same amount against a subsidiary of Belships ASA, in connection with the purchase of M/V Viola. The company's auditor has prepared an auditor statement on the share contribution which is made available on [www.belships.com](http://www.belships.com).*
- (v) *The new shares give full shareholder rights in the company, including the right to dividend, from the time the share capital is registered in the Norwegian Register of Business Enterprises.*
- (vi) *The costs related to the share capital increase are estimated to approximately NOK 50,000. The costs shall be paid by the company.*
- (vii) *Section 4 of the articles of association is amended to read as follows:*

*"The share capital is NOK 366 357 286, divided into 183 178 643 shares, each with a nominal value of NOK 2."*

## **Share issue in connection with acquisition of M/V Sephora from Prospero Marine Ltd**

Belships ASA has recently entered into an agreement with Prospero Marine Ltd to acquire M/V Viola, a 58,700 dwt bulk carrier, for a total purchase price of USD 13 million. Pursuant to the agreement entered into on 2 April 2019, Belships ASA may nominate a subsidiary to take delivery of the vessel. Pursuant to the agreement the consideration to be paid for the vessel shall consist partly of a cash settlement of USD 6,000,000 and partly of a non interest bearing sellers credit of NOK 51,835,798. The seller credit shall be settled through a private placement directed towards Prospero Marine Ltd, whereby Prospero Marine Ltd shall subscribe for 7,405,114 new shares in Belships ASA at an agreed transaction share price of NOK 7.00 per share. Depending on whether the vessel is delivered directly to Belships ASA or to a subsidiary of Belships ASA, the share contribution will be settled either by way of set-off against the seller credit from Prospero Marine Ltd or by transfer of a debt receivable on the subsidiary. The purchase price shall be paid and the consideration shares shall be issued once the vessel is transferred from Prospero Marine Ltd to Belships ASA or its subsidiary. Expected delivery is July 2019.

On this background, and as part of the financing of the contemplated acquisition, the Board proposes that the general meeting adopts the following resolution:

- (i) *The share capital is increased by NOK 14,810,228 by issuance of 7,405,114 new shares, each with a nominal value of NOK 2.*
- (ii) *The shares shall be subscribed for by Prospero Marine Ltd (address 80 Broad Street, Monrovia, Liberia).*
- (i) *The shareholders' preferential right to subscribe for the new shares pursuant to Section 10-4 of the Norwegian Public Limited Liability Companies is waived.*
- (ii) *The new shares shall be subscribed for on a separate subscription form within 30 July 2019.*
- (iii) *The subscription price is NOK 7 per new share. The total subscription amount is NOK 51,835,798, of which NOK 14,810,228 is share capital and NOK 37,025,570 is premium on shares.*
- (iv) *The share contribution shall be settled either by way of set-off against the seller credit of NOK 51,835,798 from Prospero Marine Ltd to Belships ASA or by transfer of a debt receivable in the same amount against a subsidiary of Belships ASA, in connection with the purchase of M/V Sephora. The company's auditor has prepared an auditor statement on the share contribution which is made available on [www.belships.com](http://www.belships.com).*
- (v) *The new shares give full shareholder rights in the company, including the right to dividend, from the time the share capital is registered in the Norwegian Register of Business Enterprises.*
- (vi) *The costs related to the share capital increase are estimated to approximately NOK 50,000. The costs shall be paid by the company.*
- (vii) *Section 4 of the articles of association is amended to reflect the increase of the share capital after subscription.*

## **Share issue in connection with acquisition of Sofie Victory AS**

Belships ASA has recently entered into an agreement to acquire the 63,000 dwt bulk carrier M/V Sofie Victory. The transaction is structured so that Belships ASA will acquire all shares in the company Sofie Victory AS, a single purpose vehicle being the owner of M/V Sofie Victory. Pursuant to the agreement, Belships ASA shall purchase and EGD Ultra Eco AS and Blossom Shipmanagement Ltd., shall sell, respectively 80% and 20% of the shares in Sofie Victory AS, at the agreed purchase price of USD 24.15 million, with a deduction of approximately USD 14 million in debt.

The net purchase price for the shares is approximately USD 10 million to be adjusted for changes in net debt and working capital for the period from 1 January 2019 to the delivery date. Of the net purchase price of approximately USD 10 million, USD 2 million will be paid in cash while the remaining amount will be settled by a non interest bearing sellers credit. The seller credit shall be settled through a private placement directed towards EGD Ultra Eco AS og Blossom Shipmanagement Ltd. Since the final share purchase price will depend on net debt and working capital, it is proposed that the general meeting resolve the share issue with an upper and lower limit to increase the share capital, whereby EGD Ultra Eco AS og Blossom Shipmanagement Ltd., shall subscribe for 80 and 20% respectively of the new shares in Belships ASA at the agreed transaction share price of NOK 7.00 per share. The share contribution shall be settled by way set-off against the seller credit from EGD Ultra Eco AS and Blossom Shipmanagement Ltd. Delivery is expected to take place within end June 2019.

On this background, and as part of the financing of the contemplated acquisition, the Board proposes that the general meeting adopts the following resolution:

- (i) *The share capital is increased by minimum NOK 18,000,000 and maximum NOK 26,000,000, by issuance of minimum 9,000,000 and maximum 13,000,000 new shares, each with a nominal value of NOK 2.*
- (ii) *The shares shall be subscribed for by EGD Ultra Eco AS (reg. no. 913 401 611) and Blossom Shipmanagement Ltd. (address 18 Kyriakou Matsi Str., Engomi Nicosia 2408 Cyprus).*
- (i) *The shareholders' preferential right to subscribe for the new shares pursuant to Section 10-4 og the Norwegian Public Limited Liability Companies is waived.*
- (ii) *The new shares shall be subscribed for on separate subscription forms within 30 June 2019.*
- (iii) *The subscription price is NOK 7 per new share.*
- (iv) *The share contribution shall be settled by way of set-off against the seller credit from EGD Ultra Eco AS and Blossom Shipmanagement Ltd. in connection with the purchase of Sofie Victory AS. The company's auditor has prepared an auditor statement on the share contribution which is made available on [www.belships.com](http://www.belships.com).*
- (v) *The new shares give full shareholder rights in the company, including the right to dividend, from the time the share capital is registered in the Norwegian Register of Business Enterprises.*
- (vi) *The costs related to the share capital increase are estimated to approximately NOK 50,000. The costs shall be paid by the company.*
- (vii) *Section 4 of the articles of association is amended to reflect the increase of the share capital following subscription.*

### Authorisation to issue shares to employees

The board of directors wants to continue the option program which is established for the employees in Belships ASA, by providing the employees with a right to acquire additional shares in the company. The board of directors will at a later stage distribute shares and determine the terms. The company's obligations pursuant to the option program are fulfilled by issuance of new shares or transfer of own shares.

Since the authorisation shall be used in connection with issuance of shares to option holders, the board of directors proposes that the board of directors are authorised to deviate from the shareholders' preferential rights to subscribe for and be allotted new shares.

The board of directors proposes that the general meeting adopt the following resolution:

- (i) *Pursuant to Section 10-14 of the Norwegian Public Limited Companies Act, the board of directors is granted an authorisation to increase the company's share capital with an amount up to NOK 400,000 (corresponding to 200,000 shares, each with a nominal value of NOK 2)*
- (ii) *The subscription price per share shall be 105% of closing price as of 23 May 2019.*
- (iii) *The authorisation is valid until the company's annual general meeting in 2020, but no longer than to and including 30 June 2020.*
- (iv) *The shares may be subscribed by the employees in the company and the company group. The shareholders' preferential rights to the new shares pursuant to the Norwegian Public Limited Companies Act may be deviated from in accordance with Section 10-5 cf. § 10-4 of the Norwegian Public Limited Companies Act.*
- (v) *The authorisation does not cover share capital increases against contribution in kind, cf. Section 10-2 of the Norwegian Public Limited Companies Act.*
- (vi) *The authorisation does not cover share capital increase in connection with mergers pursuant to Section 13-5 of the Norwegian Public Limited Companies Act.*

### Authorisation to issue shares

To give the board of director's financial flexibility and enable quick access to the market in the event of an acquisition in return of shares or for general corporate purposes, the board of directors proposes that it is given an authorisation to increase the Company's share capital.

To exercise the authorisation in the best possible manner commercially, it may be relevant in certain situations to make a private placement of shares to certain named persons and/or enterprises. It may also be appropriate to use the authorisation in the event of acquisition of business/assets in return for shares. It is therefore also proposed that the board of directors is authorised to deviate from the shareholders' preferential rights when using the authorisation.

The board of directors proposes that the general meeting adopt the following resolution:

- (i) Pursuant to Section 10-14 of the Norwegian Public Limited Companies Act, the board of directors is granted an authorisation to increase the Company's share capital with an amount up to NOK 175,000,000, by issuance of up to 87,500,000 shares, each with a nominal value of NOK 2.*
- (ii) The authorisation is is valid until he company's annual general meeting in 2020, but no longer than to and including 30 June 2020.*
- (iii) The shareholders' preferential right to the new shares pursuant to Section 10-4 of the Norwegian Public Limited Companies Act may be deviated from.*
- (iv) The authorisation covers share capital increases against contribution in kind, cf. Section 10-2 of the Norwegian Public Limited Companies Act.*
- (v) The authorisation covers share capital increase in connection with mergers pursuant to Section 13-5 of the Norwegian Public Limited Companies Act.*

### Authorisation to acquire own shares

In order to allow the board of directors to utilise the mechanisms permitted by the Norwegian Public Limited Liability Companies Act Section 9-4 to acquire own shares, the board of directors proposes that the general meeting grants the board of directors an authorisation to acquire up to 15,000,000 shares in the company with a total nominal value up to NOK 30,000,000, corresponding to 8,57% of the current share capital.

The board of directors proposes that the general meeting adopt the following resolution:

- (i) *Pursuant to Section 9-4 of the Norwegian Public Limited Liability Companies Act, the board of directors is granted an authorisation to, on behalf of the company, acquire up to 15 000 000 own shares with a total nominal value up to NOK 30 000 000, corresponding to 8,57% of the current share capital.*
- (ii) *The maximum amount to be paid for each share is NOK 50 and the minimum amount is NOK 2.*
- (iii) *Acquisition and sale of own shares may take place in any way the board of directors finds appropriate.*
- (iv) *The authorisation is valid until the Company's annual general meeting in 2020, but no longer than to and including 30 June 2020.*

### Election of members of the nomination committee

The board of directors proposes that a nomination committee is established and that provisions regarding the nomination committee are included in the articles of association, and that the nomination committee shall consist of two to three members, cf the proposed article 7 of the new articles of association. The board of directors has emphasized several criteria's regarding the composition of the nomination committee, including diversity in competence and background.

The board of directors proposes that the following persons are elected as members of the nomination committee:

- Vegard Gjerde
- Kristian Falnes

The newly elected members of the nomination committee are elected as members of the nomination committee until the Company's annual general meeting in 2020, but no longer than to and including 30 June 2020.

The following information regarding the newly elected members of the nomination committee is provided:

**Vegard Gjerde** ((1985) has significant experience from both the supplier and customer side through his previous position as strategic and financial advisor in Deloitte AS. In 2018 he started as investment director in Kontrari AS. Gjede has a master in finance from the Norwegian School of Economics (NHH).

**Kristian Falnes** (1963) has long experience from the finance sector, inter alia as finance analyst in SR-Fonds and as portfolio manager in Laerdal Finans, before he started as portfolio manager in SKAGEN in 1997. In the period from 2007 to 2011 he was also investment director in SKAGEN. Falnes resigned from SKAGEN in 2014 and is now a private investor. Falnes has a master in finance from the Norwegian Business School (BI) and is an authorised finance analyst from the Norwegian School of Economics (NHH).

## **BELSHIPS ASA**

### **INSTRUCTIONS FOR THE NOMINATION COMMITTEE**

*(The instructions for the nomination committee were adopted by the general meeting on 23 May 2019)*

#### **1 COMPOSITION**

Belships ASA ("**Belships**" or the "**Company**", and together with its consolidated subsidiaries, the "**Group**") has established a nomination committee, cf. clause 7 of the Company's articles of association. The nomination committee shall consist of two or three members. The majority of the members shall be independent of the board of directors and the management. Members are elected for two years at a time, unless otherwise has been resolved by the general meeting.

The Company's general meeting elects the members of the nomination committee and determines their remuneration. Costs incurred by the nomination committee shall be covered by the Company.

#### **2 RESPONSIBILITIES**

The nomination committee shall recommend:

- (i) Candidates for the election of members, including chairperson, to (a) the board of directors of the Company and (b) the nomination committee, respectively; and
- (ii) Remuneration of the members of (a) the board of directors and (b) the nomination committee, respectively.

#### **3 RECOMMENDATIONS**

##### **3.1 Nominations of candidates**

##### **3.1.1 Candidates to the board of directors**

The nomination of candidates for election of members, including chairperson, to the board of directors should take the following into account:

- (i) the board of directors should be composed in such a way as to maintain the interests of the shareholders and the Company's need for expertise, capacity and diversity;
- (ii) the board of directors' composition must satisfy applicable legal requirements and principles of corporate governance;
- (iii) the candidates should be likely to be approved;
- (iv) the board of directors must function well as a collegiate body;
- (v) members should be independent of the executive management and any significant business associates;
- (vi) at least two of the members should be independent of the Company's principal shareholders; and

- (vii) members of the Company's executive management should not be members of the board of directors.

Before nominating a candidate for election, the nomination committee must seek confirmation from the individual in question that he or she is willing to accept the appointment if elected.

### 3.1.2 Candidates to the nomination committee

The nomination of candidates for election of members, including chairman, to the nomination committee should take the following into account:

- (i) the composition of the nomination committee should take into account the interests of the shareholders in general;
- (ii) the majority of the committee should be independent of the board of directors and the management.
- (iii) the nomination committee must satisfy applicable legal requirements and principles of corporate governance;
- (iv) the candidates should be likely to be approved;
- (v) members of the Company's executive management should not be members of the nomination committee;
- (vi) there is an adequate rotation of members of the nomination committee; and
- (vii) the nomination committee must function well as a collegiate body.

Before nominating a candidate for election, the nomination committee must seek confirmation from the individual in question that he or she is willing to accept the appointment if elected.

## 3.2 Recommendations for remuneration

Recommendations for remuneration of the members of the board of directors and the nomination committee, respectively, should take into account such body's significance, and ensure that the proposal is suited to the character and time commitment of the tasks carried out.

## 4 REASONING

The recommendations should include explanations detailing how the candidates fulfil the needs of the shareholders and the Company. Such reasoning must include information about the competence, capacity and independence of each candidate. The candidate information should include age, education and professional experience. Any ownership interest in the Company must be disclosed, so must any assignments on behalf of the Company and any significant positions in or assignments for other companies or organisations.

The nomination committee shall consider the need for changes in the composition of the board of directors, and shall maintain contact with different shareholders, members of the board of directors and the executive management of the Company. The nomination committee must consider the board of directors' annual evaluation report closely. In the event of a suggestion of re-election of board members, the recommendation should also state how long the candidate has served as a member of the board of directors, and should detail his or her participation in board meetings.

The recommendations should also describe the working process of the nomination committee.

The nomination committee shall be responsible for proposing the remuneration to be paid to the members of the board of directors and the nomination committee. The nomination committee's proposals in this respect shall include an explanation of how the committee has arrived at its recommendations.

## **5 WORKING METHODS**

The chairman of the nomination committee has the main responsibility for the committee's work, and must ensure that the committee has adequate access to the necessary competence. In relation to this, the committee may use company resources or seek advice and recommendations from external sources.

The nomination committee will hold meetings to reach its decisions. Nomination committee meetings are held after being called by the chairman, who must call a meeting should one of the members of the committee request that a meeting is held. Committee meetings can be held in person, by phone or video.

The nomination committee constitutes a quorum when at least half of its members are present at the meeting and all members have been given the opportunity to participate. Each member has one vote and decisions made by the nomination committee require the simple majority of the votes represented at the meeting. In the event of an equal number of votes, the chairman of the nomination committee has the deciding vote. The nomination committee shall produce written minutes of its meetings and shall deliver its minutes to the Company for safekeeping.

The nomination committee must look actively to the shareholders and anchor the recommendation with the Company's largest shareholders. It must ensure that information is made available on the Company's website of any deadlines for proposing candidates or making suggestions to the nomination committee regarding elections of members to the board of directors and nomination committee.

The board of directors will pass on its evaluation of its own activities and competence to the nomination committee. The chairman of the board and the chief executive officer must be summoned to at least one meeting of the nomination committee before the committee gives its final recommendation. The committee must collect relevant information from the Company's administration or other individuals, including from shareholders and the board of directors.

## **6 PROCESSING OF THE RECOMMENDATION TO THE GENERAL MEETING**

The nomination committee's recommendations shall be completed in time to be made accessible to the shareholders, together with the notice to the general meeting at the very latest. The recommendation should be submitted in writing to the chairman of the board.

The chairman of the nomination committee presents the recommendation to the general meeting.

## **7 DUTY OF CONFIDENTIALITY**

The nomination committee shall, to the greatest extent possible given its duties, ensure that information on which candidates are considered for nomination is kept confidential.

The nomination committee shall keep confidential all information it receives or collects on possible candidates, and shall ensure that all such information is stored in a satisfactory manner.

\* \* \* \*