

## **Declaration from the Board of Directors on determination of salary and other remuneration to senior executives to the 2019 AGM**

### **1. General**

At the 2019 Annual General Meeting, the Board of Hunter Group ASA (the **Board**) will submit the following declaration on the determination of salaries and other compensation to senior executives pursuant to the Public Limited Companies Act section 6-16a, based on the group's guidelines for compensation to senior executives.

The Board determines the salary and other compensation for the CEO and establishes guidelines for such schemes when they apply to other senior executives.

### **2. Advisory guidelines for salaries, bonus and other benefits for the previous and the next financial year**

#### **2.1 General**

The Company's compensation philosophy, as approved by the Board, is to provide a robust and competitive total rewards package that attracts and retains talented people and provides the rewards for its employees who consistently and continually demonstrate the highest levels of performance.

The Board aims to establish remuneration arrangements that encourage the management team to work for a long-term value creation in the Company, by using a blend of components, such as: base salary, short term incentives (STI), long-term incentives (LTI) and non-financial benefits.

The remuneration of the senior executives shall create motivation and be compounded in a manner that encourages additional effort in order to improve the business activities and the Company's financial results. The remuneration of senior executives shall always be determined under proper consideration to the Company's economic situation and shall be established at a level that can be justified taken the Company's position into account.

#### **2.2 Main principles applied in determining the salary and other remuneration of the executive personnel in 2018**

In 2018 the senior executives were defined as Mr. Erik A. S. Frydendal (CEO/CFO Hunter Group) and Mr. Sujoy Seal (COO, Hunter Group). Mr. Frydendal took on the positions as CFO and CEO from 15 May 2018, and Mr. Seal took his position with effect from 1 May 2018.

The remuneration allocated to the senior executives of the Company is set out in note 23 to the Company's financial accounts for 2018.

No short-term incentives, nor long-term incentives, have been paid or agreed with the senior executives in 2018.

The Company is obliged to have an occupational pension scheme for employees in accordance with The Norwegian Mandatory Occupational Pension Act. The Company has a defined contribution pension scheme that complies with the Norwegian occupational pension legislation (called OTP). The pension contributions range from 4 % 0 - 7.1 G to 7 % 7.1 -12 G of the employee's salary - maximized to a percentage of 12 G (NOK 1,162,596). The National Insurance scheme basic amount for 2018 is NOK 96,883. The retirement age for all employees, including the management, is 67 years.

The senior executives received payments in kind which are common in comparable positions, such as free phone, home computer, free broadband connection and newspapers.

### **2.3 Salary and other remuneration - guidelines for 2019**

The Company's compensation philosophy, as approved by the Board, by using a blend of components, such as: base salary, short term incentives (STI), long-term incentives (LTI) and non-financial benefits; will be continued in 2019 (as the Board finds appropriate).

The size of the base salary and, as applicable, any short-term incentives, in relation to annual fixed salary, will be determined by the Board with regard to each of the senior executives. The Board will consider short term incentives that provides incentives in the form of awards to senior executives who can contribute materially to the success and profitability of the Company and its subsidiary.

### **3. Long term incentives (LTI) - binding guidelines 2019**

The Board may remunerate the Company's executive employees in the form of shares, options or other remuneration linked to the Company's shares or share value.

The Board proposes that the general meeting approves new long-term incentives for the Company's senior executives, cf. the Norwegian Public Limited Companies Act sections 5-6 (3) and 6-16a first paragraph third sentence no. 3 (the **LTI Plan**).

The Board is of the opinion that the suggested LTI Plan is highly appropriate for attraction and retention of quality personnel to the Company, and thus a proper instrument which secure the Company the required competence. On this basis, the Board has developed the LTI Plan, which will, upon vesting, consist of options to subscribe for (or acquire, as determined by the Board) ordinary shares in the Company (the **LTI Options**).

The LTI Plan will be administered by the Board and may, within the scope of the program (the **LTI Rules**), in force from time to time, be allocated to current and future executives in the Company. Under the LTI Rules the Board determines (as applicable): the adoption dates, eligible participants, vesting dates, option grants, subscription price etc.

Under the terms of the LTI Rules, the subscription price for shares callable for under the LTI Options shall be market based, as per the adoption date of the LTI Options. The Board intends in 2019, to the current senior executives, to issue up to 1,500,000 LTI Options, which shall vest on the date falling 12 months following the date of grant, each with a strike price equal to the share price at the next equity offering following the AGM 2019, alternatively if there are no further equity issues by 30 June 2019, the strike price for these 1,500,000 LTI Options will be equal to the closing price on 28 March 2019 (NOK 3.23). The 1,500,000 LTI Options correspond to approx. 0.4% of the current number of outstanding shares in Hunter.

The total number of LTI Options in the Company, under the terms of the LTI Rules, in force from time to time, shall in no event exceed 1 percent of the registered number of shares in the Company as per the date of adoption of new LTI Options.

The Board shall make appropriate adjustments with regard to the number of shares the exercise of an LTI Option shall result in, the subscription price, or the terms of the LTI Option, in the event of any sub-division, dividends, consolidation or a reduction of the share capital or any other corporate transaction which have a material adverse effect to the value of such LTI Option.

The Board believes the LTI Plan provides a high degree of symmetrical interest with the Company's shareholders, and that the risk of random economic outcome is reduced through the provisions of the LTI Rules (as administered by the Board).

The Board intends to enter into separate LTI agreements with the eligible participants in the LTI Plan, specifying rights and obligations in further detail.

**4. Statement for the remuneration policy for senior executives and the effect of the last financial year's salary agreements**

The remuneration policy for the senior executives of the Company in the financial year 2018 has been executed in accordance with the guidelines for determination of salary and other remuneration as set out above.

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The Board of Directors of Hunter Group ASA