



# BELSHIPS

## NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Belships ASA will be held at offices of Belships ASA in Lilleakerveien 4 in Oslo on Thursday 14 May 2020 at 10:00 hours (CET)

***Due to restrictions caused by COVID-19, the shareholders are encouraged to exercise their shareholder rights by providing a proxy to the chairman or the CEO. Reference is made to the information below.***

The following matters are on the agenda:

**1. Opening of the meeting by the Chairman of the Board Peter Frølich, or a person appointed by him, and registration of attending shareholders and proxies**

**2. Election of a Chairman of the meeting and at least one person to co-sign the minutes**

**3. Approval of the notice and agenda**

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

**5. Approval of the annual accounts and the annual report for the financial year 2019 of Belships ASA and the Belships Group**

The annual accounts, the annual report, the auditor's report and the statement from the Board for the financial year 2019 are made available at the company's website [www.belships.com](http://www.belships.com).

**6. Appropriation of the result for Belships ASA for the financial year 2019**

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

**7. Authorisation to resolve distribution of dividend**

The Board proposes that the general meeting gives the Board authorization to resolve distribution of dividend on the basis of the company's financial statement of 2019, cf. the Public Limited Liability Companies Act Section 8-2 (2). Reference is made to the Board's proposed resolution which is made available at [www.belships.com](http://www.belships.com) and enclosed to this notice as appendix 2.

**8. Approval of remuneration to the company's auditor for 2019**

The Board proposes that the fee to the company's external auditor of NOK 574 000 for the financial year 2019 is approved.

**9. Approval of remuneration to the Board, the Audit Committee and the Nomination Committee for 2020**

Further information on remuneration to the Board, the Audit Committee and the Nomination Committee for 2020 is made available at [www.belships.com](http://www.belships.com) and is enclosed to this notice as appendix 3.

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

The Board's statement on corporate governance is made available at [www.belships.com](http://www.belships.com) and is enclosed to this notice as appendix 4.

**11. Declaration on the stipulation of salary and other remuneration for executive management**

The declaration is made available on [www.belships.com](http://www.belships.com) and is enclosed to this notice as appendix 5.

In accordance with Section 5-6 (3) of the Public Limited Liability Companies Act, the general meeting will consider the guidelines on the stipulation of salary and other remuneration by an advisory vote (item 11.1), 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 11.2).

**11.1. Advisory vote related to the Board's guidelines on the stipulation of salary and other remuneration for executive management**

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



# BELSHIPS

## **11.2. 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 to remuneration linked to the development of the company's share price as described in the declaration on the stipulation of salary and other remuneration for executive management.

## **12. 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 which is made available at [www.belships.com](http://www.belships.com) and enclosed to this notice as appendix 6.

## **13. 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

## **Information to the shareholders**

Belships ASA is a public limited liability company subject to the provisions of the Norwegian Public Limited Liability Companies Act. There are in total 212,224,705 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 equal in other respects.

If shares are registered by a nominee in the VPS register, cf. Section 4-10 of the Norwegian Public Limited Liability 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.

The 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 approval of the annual accounts and the annual reports, (ii) any matters that have been submitted to the shareholders for decision and (iii) the company's financial position.

Due to the extraordinary situation caused by COVID-19, the Board encourages all shareholders to exercise their shareholder rights by providing a proxy to the chairman or the person he authorises. Shareholders who yet intend to participate at the general meeting must register their attendance no later than 13 May 2020 at 13:00 hours (CET). Due to the extraordinary situation, any failure to register within the deadline will result in the shareholder being denied access to the general meeting. The general meeting must in any case comply with the at all times applicable framework determined by the Norwegian government. Persons who are quarantined may not under any circumstance attend the general meeting. The government may also adopt provisions which entail that only a limited number of people may be allowed to attend the general meeting in person or that the general meeting must be postponed on short notice. Shareholders who are prevented from or chose to desist from participating may be represented by a legal representative or by proxy. The proxy must be dated and in writing. 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 person he authorises), or the company's Chief Executive Officer Lars Christian Skarsgård (or the person he authorises). Enclosed is notice of attendance and proxy from which may be used for these purposes.

the Board an authorisation to increase the share capital with up to NOK 200,000,000 by issuance of up to 100,000,000 new shares in the company. Further information on the authorisation's duration and content, including the Board's proposed resolution, is made available at [www.belships.com](http://www.belships.com) and enclosed to this notice as appendix 7.

## **14. Authorisation to acquire own 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 own shares at the Board's discretion. Reference is made to the Board's proposed resolution which is made available at [www.belships.com](http://www.belships.com) and enclosed to this notice as appendix 8.

## **15. Election of board members**

The Nomination Committee proposes that all board members are re-elected for a period of one year.



# **BELSHIPS**

This notice, the current articles of association, the annual accounts, the annual report, the auditor's report for the financial year 2019 and other related documents are available on [www.belships.com](http://www.belships.com).

*Oslo, 22 April 2020*

*The Board of Directors by Peter Frølich (Chairman)*



# BELSHIPS

## NOTICE OF ATTENDANCE

The undersigned owns ..... shares in Belships ASA and will attend the company's Annual General Meeting on 14 May 2020.

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  
Post box 23 Lilleaker  
0216 Oslo  
E-mail: [unni.hallen@belships.no](mailto:unni.hallen@belships.no)

The attendance form must be in Belships ASA's possession no later than on **13 May 2020 at 13:00 hours (CET)**. Remember to bring valid identification by physical attendance at the general meeting.



# BELSHIPS

## FORM BY 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 a Chairman of the meeting and at least one person to co-sign the minutes				
<b>3</b>	Approval of the notice and 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 2019 of Belships ASA and the Belships Group				
<b>6</b>	Appropriation of the result for Belships ASA for the financial year 2019				
<b>7</b>	Authorisation to resolve distribution of dividend				
<b>8</b>	Approval of remuneration to the company's auditor for 2019				
<b>9</b>	Approval of remuneration to the Board, the Audit Committee and the Nomination Committee for 2020				
<b>10</b>	The Board's statement on corporate governance				
<b>11</b>	Declaration on the stipulation of salary and other remuneration for leading employees				
<b>11.1</b>	Advisory vote related to the Board's guidelines on stipulation of salary and other remuneration for leading employees				
<b>11.2</b>	Approval of the Board's proposal related to guidelines for remuneration linked to the development of the company's share price				
<b>12</b>	Authorisation to issue shares to employees				
<b>13</b>	Authorisation to issue shares				
<b>14</b>	Authorisation to acquire own shares				
<b>15</b>	Election of board members				
	- Peter Frølich				
	- Frode Teigen				
	- Birthe Cecilie Lepsøe				
	- Carl Erik Steen				
	- Sverre J. Tidemand				
	- Sissel Grefsrud				
	- Jorunn Seglem				

Please send the proxy from to:

Belships ASA, Post box 23 Lilleaker, 0216 Oslo, E-mail: [unni.hallen@belships.no](mailto:unni.hallen@belships.no)

The proxy form must be in Belships ASA's no later than on 13 May 2020 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 2019**

The Board proposes the following appropriation of the profit of the year:

Transfer to other retained earnings	NOK 122 106 000
<b>Sum transfers and disposals</b>	<b>NOK 122 106 000</b>

### Authorisation to resolve distribution of dividend

In accordance with the Norwegian Public Limited Liability Companies Act Section 8-2 (2) the general meeting may give the Board authorisation to resolve distribution of dividend, in addition to or instead of dividend resolved at the annual general meeting. Such authorisation requires that the company has dividend capacity on the basis of the company's last approved financial statements, in this case Belships ASA's financial statements of 2019. Pursuant to the law, the authorisation cannot be valid for a longer time than up until the first ordinary general meeting and the Board may not use the authorisation before it is registered with the Norwegian Register of Business Enterprises.

It is considered appropriate that the Board of Directors in Belships ASA has authorisation to resolve distribution of dividends. Such authorisation will give the company flexibility and enable the company to distribute extraordinary dividends without having to call for an extraordinary general meeting. Apart from that the company's communicated dividend policy will apply.

As mentioned, pursuant to the Norwegian Public Limited Liability Companies Act the authorisation will only be valid until the next ordinary general meeting. The use of the authorisation is determined by the dividend capacity based on the company's financial statements of 2019. Further, the Board must at the time of its resolution act in accordance with the requirement of adequate equity and liquidity in the Norwegian Public Limited Liability Companies Act Section 3-4. Within the framework set out by the authorisation and the law, the Board decides whether or not the authorisation should be applied, whether it should be applied one or several times and the size of the particular dividend.

The Board of Directors proposes that the general meeting adopt the following resolution:

- (i) *The Board of Directors is granted an authorisation to resolve distribution of dividend on the basis of Belships ASA's financial statements of 2019, cf. the Norwegian Public Limited Liability Companies Act Section 8-2 (2).*
- (ii) *By application of the authorisation the Board of Directors shall ensure that resolutions are in accordance with the company's resolved dividend policy*
- (iii) *The Board of directors shall prior to every resolution regarding approval of dividend payment consider whether the company, following the dividend payment, is to have an adequate equity and liquidity, cf. the Norwegian Public Limited Liability Companies Act Section 8-1 (4) cf. Section 3-4.*
- (iv) *The authorisation is valid until the company's annual general meeting in 2021, but no longer than to and including 30 June 2021.*

**Remuneration to the Board, the Audit Committee and the Nomination Committee for 2020**

The Board's remuneration for 2020 is proposed to be determined as follows:

Remuneration to the chairman of the Board      NOK 400 000

Remuneration to the board members              NOK 200 000

Remuneration is paid quarterly

The Audit Committee's remuneration for 2020 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 2020 is proposed to be determined as follows:

Remuneration to the chairman                      NOK 25 000

Remuneration to the Nomination Committee  
members    NOK 25 000



## Corporate governance

as adopted by the board on 21 April 2020

*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 and the greatest possible value for its shareholders over time.*

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 behaviour. 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. Pursuant to section 3-3 (B) of the Norwegian Accounting Act and the Code (as defined below), the board reviews and updates the company's principles for corporate governance on an annual basis. This report is included in the company's annual report.

### 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 and management contributes to achieving open communication, equal rights for all shareholders and good control and corporate governance mechanisms. The board 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.

### 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."*

### EQUITY AND DIVIDEND

#### Capital structure

As at 31 December 2019, the company had a total equity of USD 156.1 million, corresponding to an equity ratio of 39.2%. The board deems the liquidity position of the company to be satisfactory, with cash and cash equivalents of USD 44.4 million. The company had mortgage debt of USD 136.6 million as of 31 December 2019 and a net lease obligation of USD 78.6 million.

The board 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.

On 25 September 2019, the general meeting of the company resolved to distribute dividends corresponding to a payment of NOK 0.05 per share, implying a total payment of NOK 10 583 835 to its shareholders.

The board will ask for an authorization to distribute dividend at the general meeting in 2020.

#### Authorisations to the board of directors

At the general meeting in 2019, the board was granted an authorization to increase the share capital with up to NOK 400 000 (corresponding to 200 000 new shares, each with a par value of NOK 2). The authorization can be used in connection with the company's share option program for employees. The authorization is valid until the general meeting in 2020, but not longer than 30 June 2020.

At the general meeting in 2019, the board was also granted an authorization to increase the share capital with up to NOK 175 000 000 (corresponding to 87 500 000 new shares, each with a par value of NOK 2). This authorization covers more than one purpose, but the board is of the view that such authorization 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 authorization is valid until the general meeting in 2020, but not longer than 30 June 2020.

The board was also granted an authorization to, on behalf of the company, acquire up to 15 000 000 treasury shares (corresponding to a total par value of NOK 30 000 000) at the board's discretion. The authorization was not limited to a specific purpose in order to give the board sufficient flexibility.

### 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 has not made any resolutions to increase the share capital based on the authorizations granted at the general meeting in 2019.

The board was given an authorization at the general meeting in 2019 to acquire treasury shares. No such transactions have taken place in 2019.

In the event of any not immaterial transactions between the company and shareholders, a shareholder's parent company, members of the board, 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 2019.

#### 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.

#### GENERAL MEETING

The board 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 2019.

The board 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 and the extraordinary general meeting in 2019 were chaired by the chairman of the board.

#### NOMINATION COMMITTEE

The company's articles of association state that the company shall have a nomination committee of two or three members. 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 and the nomination committee. The remuneration to the members of the nomination committee shall be resolved by the general meeting. The general meeting has established guidelines for the nomination committee. The members of the nomination committee are currently Vegard Gjerde and Kristian Falnes, both elected by the annual general meeting in 2019.

The nomination committee has held 1 meeting since the 2019 general meeting.

#### BOARD – COMPOSITION AND INDEPENDENCE

The board consists of seven members and one observer, 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.

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

The chairman of the board is elected by the general meeting.

The term of office for the board members is one year, 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 6 of 7 directors own shares in the company.

Further information regarding the board is included the annual report.

#### THE WORK OF THE BOARD

The board has the final responsibility for the management and organisation of the company and supervising routine management and business activities. This involves that the board is responsible for establishing control arrangements to secure that the company operates in accordance with the adopted values and Code of Conduct as well as with shareholders' expectations of good corporate governance. The board primarily looks after the interests of all the shareholders, but is also responsible for the company's other stakeholders.

The board's main task is to ensure that the company develops and creates value. Furthermore the board shall contribute to the shaping of and implementation of the Group's strategy, ensure appropriate supervision and control of management and in other ways ensure that the Group is well operated and organised. The board sets the objectives for the financial performance and adopts the company's plans and budgets. Items of major strategic or financial importance for the Group are the responsibility of the board. The board hires the CEO, defines his or her work description and authority and sets his or her salary and other compensation. The board each year produces an annual plan for its work as recommended.

The board 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 or her responsibilities and the decisions that have to be approved by the board. The board can decide to deviate from instructions in certain cases.

The board and executive personnel shall make the company aware of any material interests that they may have in items to be considered by the board. The board 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 receives regular financial reports on the Group's economic and financial status.

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

The board meets at least 6 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 consists 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.

The committee has held 5 meetings since the annual general meeting in 2019.

#### **Remuneration committee**

A remuneration committee has not been established.

Remuneration tasks are handled by the board.

#### **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.

#### **REMUNERATION TO THE BOARD**

The company endeavours 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 annual general meeting.

The remuneration of the board should not be linked to the company's performance. The company should not grant share options to members of its board.

Members of the board and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments, this should be disclosed to the full board. The remuneration for such additional duties should be approved by the board.

Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

#### **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 general meeting. 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 the head office of Belships ASA, including the executive management. In addition, the Chief Executive Officer has a separate option arrangement.

General meeting has voted separately on the approval of the authorization to the board to issue shares to honor the option program.

#### **INFORMATION AND COMMUNICATION**

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.

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.

The company's financial calendar is published on the company's website and through the Oslo Stock Exchange publication system. All shareholders have equal access to financial and other material company information.

#### **COMPANY TAKEOVER**

The board has established guidelines 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 shall ensure that shareholders are given sufficient information and time to form a view of the offer. The board shall not seek to prevent or obstruct take-over bids for the company's business or shares unless there are particular reasons to do so.

Any agreement with a bidder for the shares of the company that acts to limit the company's ability to arrange other bids for the company's shares should only be entered into where such an agreement clearly is in the common interest of the company and the shareholders.

This provision shall also apply to any agreement on the payment of financial compensation to a bidder if the bid does not proceed.

In the event of a take-over bid for the company's shares, the board shall not exercise authorizations or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting subsequent to the announcement of the bid.

If an offer is made for the shares in the company, the board shall issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the basis on which specific members of the board have excluded themselves from the board's statement. Before issuing its final statement the board shall arrange for an evaluation of the financial aspects of the bid from an independent expert. The evaluation shall include an explanation and shall be made public no later than at the time the board's statement is made public.

#### AUDITOR

The auditor submits the main features of the company's annual audit plan to the audit committee.

The auditor is always invited to be present during the board's discussion of the annual accounts.

At this meeting the board is briefed on the annual accounts and any other issues of particular concern to the auditor. Part of the meeting is also executed without the presence of the CEO and other executive management. The board has implemented guidelines in respect of use of the auditor by the executive management for services other than the audit.

The board reviews the company's internal control procedures together with the auditor at least annually.

The company's auditor is PricewaterhouseCoopers AS. The auditing and counselling fees appear from the notes to the accounts. The board makes a running assessment of whether the audit is performed in a satisfactory manner.

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

Pursuant to Section § 6-16a of the Norwegian Public Limited Liability Companies Act, the board of directors shall prepare a declaration on the stipulation of salary and other remuneration for 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 the stipulation of salary and other remuneration for executive management for the upcoming fiscal year. As far as the guidelines are linked to incentive programs based on the company's share price they shall also be approved by the general meeting.

With regards to the stipulation of salary and other remuneration to the executive management in the upcoming fiscal year, the Board of Directors presents the following guidelines for the advisory vote at the general meeting 14 May 2020, the vote regarding the part of the guidelines that relates to 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 payed out bonuses in 2019 and bonus programs for 2020 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 at 105% of the stock market price at the 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 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 scope of the program. The CEO determines the allocation of options to the remaining employees. The scope 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 12 and appendix 6.

### (c) The CEO's option program

The company's CEO, Lars Christian Skarsgård, has a separate option agreement. The option agreement consist of the following main elements:

- An option to subscribe for up to 5,000,000 shares in Belships ASA for a subscription price 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, but 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 cancelled if Lars Christian Skarsgård resigns from his position or if the company terminates his employment contract on certain specified conditions .

Information regarding salary and other remuneration to the executive management in 2019 is presented in note 15 to the annual accounts.

### Authorisation to issue shares to employees

The Board of Directors want to continue the option program which is established for the employees in Belships ASA, by providing the employees a right to acquire additional shares in the company. The Board of Directors will at a later stage distribute shares and further determine the terms. The company's obligations pursuant to the option program are to be fulfilled by issuing new shares or transfer treasury 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 is authorised to deviate from the shareholders' preferential rights to subscribe for and be allotted the new shares.

The Board of Directors proposes that the general meeting adopt the following resolution:

- (i) *Pursuant to Section 10-14 of the Norwegian Limited Liability 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 the closing price as of 14 May 2020.*
- (iii) *The authorisation is valid until the company's annual general meeting in 2021, but no longer than to and including 30 June 2021.*
- (iv) *The shares may be subscribed by the employees of the company and the Belship group. The shareholders preferential rights to the new shares pursuant to the Norwegian Public Limited Liability Companies Act may be deviated from in accordance with Section 10-5 cf. Section 10-4.*
- (v) *The authorisation does not cover share capital increases against contribution in kind, cf. Section 10-2 of the Norwegian Public Limited Liability 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 Liability Companies Act.*

**Authorisation to issue 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 Liability Companies Act, the Board of Directors is granted an authorisation to increase the Company's share capital with an amount up to NOK 200,000,000, by issuance of up to 100,000,000 shares, each with a nominal value of NOK 2. The amount corresponds to 47,12% of the share capital.*
- (ii) *The authorisation is valid until the company's annual general meeting in 2021, but no longer than to and including 30 June 2021.*
- (iii) *The shareholders' preferential rights to the new shares pursuant to Section 10-4 of the Norwegian Public Limited Liability Companies Act may be deviated from.*
- (iv) *The authorisation covers share capital increase against contribution in kind, cf. Section 10-2 of the Norwegian Public Limited Liability Companies Act.*
- (v) *The authorisation covers capital increase in connection with mergers pursuant to section 13-5 of the Norwegian Public Limited Liability 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 30,000,000, corresponding to 7,07% of the current share capital.

The Board of Directors proposes that the general meeting adopt the following resolution:

- (vi) 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 7,07% of the current share capital.*
- (vii) The maximum amount to be paid for each share is NOK 50 and the minimum amount is NOK 2.*
- (viii) Acquisition and sale of own shares may take place in any way the Board of Directors finds appropriate.*
- (ix) The authorisation is valid until the Company's annual general meeting in 2021, but no longer than to and including 30 June 2021.*