

The Board of Directors (the Board) of The Scottish Salmon Company PLC will ensure that the Group continues to pursue sound corporate governance to drive value creation for shareholders and promote responsible business conduct.

The Scottish Salmon Company PLC is incorporated in Jersey and listed on the Norwegian Stock Exchange (Oslo Børs) and is subject to Norwegian securities legislation and stock exchange regulations. All operational activities are conducted through the subsidiary The Scottish Salmon Company Limited (the Company). The Group has adopted the Norwegian Code of Practice for Corporate Governance, last revised 17 October 2018 (the "Code of Practice"), and seeks to comply, where possible, with this Code. The Code of Practice is available at www.nues.no.

Application of the Code of Practice is based on the "comply or explain" principle and any deviation from the Code is explained under each item. The corporate governance framework of the Group is subject to annual review by the Board and the updated report is found in the Group's Annual Report, in accordance with the requirements for listed companies and the Code of Practice.

Business

The business purpose of the Company is defined in the Articles of Association Clause 1 (2) "Business" as:

"the production, refinement, sale and distribution of seafood and goods used in seafood production, either directly or through participation in other companies and including other activities related thereto."

The Board has developed clear objectives, strategies and risk profile for the Group within the scope of the definition of its business, to create value for its shareholders. A description of the key objectives and strategies can be found in the directors' report on page 18, while risk factors and risk management are described on page 20. The Group's objectives, strategies and risk profile is subject to annual review by the Board.

Responsibility is at the heart of SSC's strategy for quality sustainable business growth and is embedded in the Company's values of Pride, Passion and Provenance. SSC is developing a Responsibility Framework with clear policies

and procedures on how considerations for its stakeholders are integrated into its value creation, including those stakeholders mostly affected by the SSC's activities such as customers, staff, investors and local communities. The Group is currently in the process of further developing its objectives and reporting measures for future evaluation purposes, as well as related procedures on how to achieve the proposed goals. A review of this work can be found in section 8 of the Annual Report.

At 31 December 2018, the Group had an equity ratio of 63.1% (2017: 58.6%).

The Board regards the current capital structure as appropriate in the context of business objectives, strategy and risk profile.

The objectives will be achieved through sound business development and continuous growth. The Group aims to give shareholders a competitive return on capital relative to the underlying risk. In 2018, SSC paid a dividend of NOK 0.34 per share, its first dividend since 2011 for a total of £6m. This corresponds to a dividend pay-out ratio of 12%.

As of 31 December 2018, there were no mandates granted to the Board to increase the Group's authorised share capital of 300,000,000 shares, 194,029,173 (2017: 193,482,271) of which are issued and outstanding. Unissued shares can be issued by the Board according to Jersey law and the articles of association. The increase in issued share capital is attributable to the exercise of options under the employee equity incentive scheme.

Equal treatment of shareholders and transactions with close associates

The Scottish Salmon Company PLC has one single class of shares and all shares carry equal voting rights. Each share carries one vote and all shareholders are treated equally. Treasury shares will be traded on the stock exchange or in accordance with guidelines from the Oslo Stock Exchange.

Any transactions with close associates are disclosed in note 28 to the financial

statements. In the event of any transactions between the Group and shareholders, a shareholder's parent company, directors, key personnel or close associates of any such parties, such transactions will be carried out at arm's length and at market terms. Material transactions with close associates will be subject to independent third-party valuation in accordance with the Code of Practice.

Freely negotiable shares

The shares of The Scottish Salmon Company PLC are freely negotiable. There are no restrictions on owning, trading or voting for shares in the articles of association.

General meetings

The Scottish Salmon Company PLC will seek to ensure that as many shareholders as possible can exercise their rights by participating in general meetings and that general meetings will be an effective forum for the views of shareholders and the Board. Clauses 11 and 12 of the Articles of Association of the Group regulate the convening of and proceedings at general meetings.

The Group intends to hold its Annual General Meeting no later than the end of June each year. Extraordinary General Meetings can be called by the Board at any time.

Notices of general meetings, along with supporting material, will be made available on the Group's website www.scottishsalmon.com, a minimum of 21 days prior to the meeting. The Board will seek to ensure that resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting.

Shareholders who are not able to participate in general meetings will be given the opportunity to vote by proxy. A proxy form will be included in notices of general meetings, and the Group will appoint a person that will vote on behalf of shareholders as their proxy unless the shareholder has appointed another person.

The proxy form allows for separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election. To be valid, forms of proxy must be submitted within a deadline set by the Board in the notice and the proxy form which is normally 2 to 3 business days before the meeting.

The right to attend and to vote at general meetings may only be exercised for shares registered in the shareholders' register by a deadline set by the Board in the notice and the proxy form, at least 48 hours before the time fixed for the meeting.

The Board and the Chairman of the general meeting will ensure that the general meeting is given the opportunity to vote separately for each candidate nominated for election to the Group's corporate bodies.

The Board does not as a general rule intend to propose an independent chair for general meetings. As such, the Chairman of the Board will normally chair all general meetings. The Board will propose an independent chair for the meeting if any of the matters to be considered calls for such an arrangement.

Deviation from the Code of Practice

The Code of Practice recommends that all members of the Board, the Nomination Committee and the auditor should attend general meetings/Annual General Meetings.

The Chairman of the Board will be available at all general meetings. Whether all members of the Board, and thus also representatives from the Nomination Committee, will be present at general meetings will be assessed on a case by case basis, as the Board believes it depends on the matters being considered whether there is a need for such participation. The Group's auditor will normally be available at Annual General Meetings, but not necessarily at Extraordinary General Meetings.

Nomination Committee

The Group's Nomination Committee shall have at least 2 members and consist of 2 Non-Executive Directors. The members of the Nomination Committee are appointed

for a period of up to 3 years and may be re-elected. As of 31 December 2018, the members of the Nomination Committee were:

- Viacheslav Lavrentyev
- Robert M Brown III

Both Nomination Committee members are independent of the Company's Executive Management.

The Nomination Committee's work is determined by terms of reference approved by the Board in May 2017. The Nomination Committee is responsible for identifying and nominating candidates for the Board based on current and future Group needs. Shareholders may submit proposals for candidates to the Board by sending an email to nominations@scottishsalmon.je by end of March each year (available from the website www.scottishsalmon.je/contacts). The Nomination Committee is also responsible for nominating candidates to the Executive Management of The Scottish Salmon Company Limited. There is no separate remuneration of the committee members.

The Nomination Committee shall have a minimum of 1 meeting per year. In 2018, the Nomination Committee held 1 meeting.

Deviation from the Code of Practice

The Code of Practice states that the general meeting should stipulate guidelines for the duties of the Nomination Committee, elect the chairperson and members of the committee and determine the committee's remuneration. Further, the Nomination Committee should be laid down in the Company's Articles of Association, and the majority of the committee should be independent of the Board and the Executive Management with at least 1 member not on the Board.

The Group has determined that the Board appoint the members of the Nomination Committee from amongst the Non-Executive Directors in compliance with Jersey company law. The Board believes that the Nomination Committee represents all shareholders'

interests and all appointments to the Board will subsequently require ratification by shareholders at the next general meeting. The Nomination Committee is not laid down, nor is it required to be laid down under Jersey law, in the Company's Articles of Association.

Board of Directors: composition and independence

Pursuant to the Articles of Association clause 15 (5), the number of Directors shall not be subject to any maximum, but shall not be less than 3. As at 31 December 2018, the Board consisted of 5 directors, comprising of 4 men and 1 woman.

The composition of the Board is intended to ensure that the Board can attend to the common interests of all shareholders and meets the need for expertise, capacity and diversity, and can function effectively as a collegiate body. All the members of the Board are independent of the Executive Management of The Scottish Salmon Company Limited, whilst the Executive Management of The Scottish Salmon Company Limited is not represented on the Board. All members of the current Board are considered to be independent of the majority shareholder.

The chairman of the Board is elected by the Directors. One-third of the Directors will retire at each Annual General Meeting either by choice or by determination of length of service. Directors retire by rotation in accordance with the provisions of the Articles of Association with the longest serving Directors retiring each year. In the event of equal lengths of service, the retiring Director is chosen by lot. Retiring Directors are eligible for reappointment.

Members of the Board are encouraged to own shares in SSC.

The Annual Report will provide information to illustrate the expertise and capacity of the members of the Board, which is also available from the Group's website www.scottishsalmon.je.

Name	Role	Date of Appointment	Participation at Board Meetings 2018	Shareholding in the Group (direct or indirect)
Robert M Brown III	Chairman	10 October 2010	8 out of 9	-
Viacheslav Lavrentyev	Non-Executive Director	11 October 2010	7 out of 9	-
Merete Myhrstad	Non-Executive Director	11 October 2010	9 out of 9	65,000
Martins Jaunarajs	Non-Executive Director	28 March 2014*	9 out of 9	-
Douglas Low	Non-Executive Director	1 November 2016	9 out of 9	40,000

* Re-elected at the AGM in 2018

The work of the Board of Directors

The Board has adopted instructions for its own work that regulates its areas of responsibilities. The instructions were approved by the Board in November 2010. The Board ensures that it is fully informed about the financial position of the Group at all times and is responsible for the review and approval of the plans and budgets for the Group's business activities.

In order to ensure an independent approach by the Board, another Director will take the chair of the Board meeting when the Board considers matters of a material nature in which the chairman has, or has had, an active involvement. The Group's internal guidelines require all members of the Board and Executive Management to notify the Board if they have any material direct or indirect interest in any transaction entered into by the Group.

The Board will meet a minimum of 6 times a year, of which at least 4 meetings will consist of physical meetings. In 2018, the Board had 9 meetings in addition to 1 operational meeting where no decisions were made.

Audit Committee

The Audit Committee is a subcommittee of the Board and its work is determined by the terms of reference approved by the Board in November 2010. The Audit Committee will, on behalf of the Board, monitor financial reporting, the performance and independence of the external auditors and the Group's systems and controls. The Audit

Committee consists of 2 Board members, appointed by the Board. As at 31 December 2018, the committee members were:

- Merete Myhrstad
- Martins Jaunarajs

The Audit Committee shall have at least 5 meetings per year and in 2018 5 meetings were held. The auditor and Chief Financial Officer usually attend all Audit Committee meetings. At least once per year, the Audit Committee has a meeting with the external auditors without Executive Management present.

Remuneration Committee

The Board has also established a Remuneration Committee, which proposes remuneration for Board members and Executive Management of The Scottish Salmon Company Limited. The work of the Remuneration Committee is determined by the terms of reference approved by the Board in May 2017. The Remuneration Committee shall have at least 2 members appointed by the Board for up to 3 years. As at 31 December 2018, the committee members were:

- Robert M Brown III
- Viacheslav Lavrentyev
- Douglas Low

The Remuneration Committee shall have at least 2 meetings each year and in 2018 5 meetings were held.

Risk management and internal control

One of the key responsibilities of the Board is to ensure that the Group has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Group's activities. The internal controls and systems also encompass the Group's guidelines and practices on how consideration for its stakeholders is integrated into the SSC's value creation.

The Board attaches great importance to the Group's risk management and control systems. These systems form an integral part of the management's decision making process.

Risks can be divided into 2 main categories – financial risk (such as currency, liquidity etc.) and operational risk (such as development of the sales price, biological risk, feed utilisation etc.). Further details can be found in the Directors' Report and note 26 to the Group financial statements.

The Board alongside the Executive Management of The Scottish Salmon Company Limited is responsible for establishing and maintaining adequate internal control over financial reporting. The Audit Committee monitors the financial reporting and related internal control, including the application of accounting principles and judgements in financial reporting. The Executive Management and the Audit Committee have regular meetings with the external auditor present to discuss issues related to the financial reporting.

The main trading entity within the Group prepares its financial statements within a standard ERP system and these are manually consolidated into the Group's results. This process is reviewed by the Group's auditor for each set of published financial statements.

Furthermore, the Audit Committee requests that the auditors present a review of the internal control procedures, including identified weaknesses and proposals for improvement, to the Board at least once a year. In consultation with the Executive Management they have assessed the effectiveness of the Group's internal controls relevant to financial reporting. Based upon this assessment the Board is of the opinion that the Group's internal control of financial reporting is adequate.

Remuneration of the Board

Remuneration paid to members of the Board is voted upon at the Annual General Meeting. The remuneration reflects the duties required and there is no additional remuneration for Board members appointed to Board committees. A member of the Board may take on specific assignments for the Group in addition to their appointment, if this is disclosed to the full Board. The remuneration for such additional duties shall be approved by the Board and any additional remuneration will be specifically identified in the Annual Report. Board remuneration is not performance related and the Group does not grant share options to members of its board. Further details in relation to the remuneration of the Board of Directors can be found in note 7 to the Group financial statements.

Remuneration of Executive Management

The Board has established guidelines for the remuneration of Executive Management which are intended to help to ensure convergence of the financial interests of Executive Management and the shareholders. In 2015, the Group introduced an employee equity incentive scheme for selected employees consistent with its wish that remuneration of Executive Management be composed of both a fixed salary and benefits, a short-term incentive scheme and

options to acquire shares. The Board's statement regarding remuneration of the Executive Management can be found in note 7 to the Group financial statements and are also available from www.scottishsalmon.je.

Deviation from the Code of Practice

The Code of Practice states that a statement in respect of the remuneration of Executive Management should be presented in a separate appendix to the agenda for the Annual General Meeting and that guidelines for the remuneration of Executive Management should be disclosed. The Code of Practice further states that separate votes should be held on these aspects at the Annual General Meeting.

The Group complies with the relevant requirements under Jersey Law regarding executive remuneration. Furthermore, the Board believes adequate information is disclosed in the notes to the Group financial statements to facilitate understanding of the nature of remuneration.

Information and communication

The Board has adopted an investor relations policy in respect of its reporting of financial and other information and contacts with shareholders outside of general meetings. This policy is based upon the key principles of openness and equal treatment, and can be found on the Group's website www.scottishsalmon.je.

Financial information is published by producing half-yearly and annual reports, in accordance with the latest version of continuing obligations for companies listed on the Oslo Stock Exchange. In addition, quarterly operational updates are provided for the first, third and fourth quarter.

Takeovers

The Code of Practice recommends that the Board establish guiding principles for how it will act in the event of a takeover bid.

If a takeover bid occurs, the Board will follow the overriding principle of equal treatment for all shareholders, and will seek to ensure that

business activities are not disrupted unnecessarily. The Board will strive to ensure that shareholders are given sufficient information and time to form a view of the offer. The Board will not seek to prevent takeover bids unless it believes that the interests of the Group and the shareholders justify such actions. The Board will not exercise mandates or pass any resolutions with the intention of obstructing any takeover bid unless this is approved by the general meeting following the announcement of the bid. If a takeover bid is made, the Board will issue a statement in accordance with statutory requirements and the recommendations in the Code of Practice. In the event of a takeover bid, the Board will consider obtaining a valuation from an independent expert. Any transaction that is in effect a disposal of the Group's activities will be submitted to the general meeting for its approval.

Auditor

The auditor of the Group is Campbell Dallas Audit Services. The Board ensures that the auditor submits an annual plan for the audit to the Audit Committee. The auditor participates in Board meetings as and when required. The Board holds a meeting with the auditors at least once a year at which management are not present. The auditor presents a review of the internal control procedures, including identified weaknesses and proposals for improvement, to the Board at least once a year. There are guidelines in respect of the use of the auditor by the Executive Management for services other than the audit. Under the guidelines, the auditor is required to provide the Board with an annual overview of all services, in addition to audit work, that has been undertaken. The auditor has been requested to provide an annual written confirmation that it continues to satisfy the requirements for independence. Information on the remuneration paid to the auditor, including details of the fee paid for audit work and any fees paid for other specific assignments, is included in a note 8 to the Group financial statements. At each Annual General Meeting, the Board shall inform the Annual General Meeting of all services provided by the auditor and their remuneration.