

# **Guidelines on determination of salaries and other remuneration of leading persons in OKEA ASA**

## **1. Introduction and governance**

These guidelines (the "guidelines") govern the determination of remuneration of leading persons in OKEA ASA (the "company"). These guidelines were determined by the board of directors at the board meeting on 4 April 2024 [and approved by the general meeting 14 May 2024]. The guidelines describe the principles for the remuneration of the board of directors, the chief executive officer (CEO) and the senior management team. For employees who are members of the board, the guidelines are applicable for remuneration and benefits related to their role as board members.

Remuneration of members of the company's management is vital for harmonising the company's interests with the interests of the leading persons. The main purpose of these guidelines is to allow shareholders to influence the parameters of salary and other remuneration, creating a remuneration culture that promotes the company's long-term interests and business strategy while ensuring shareholders' influence.

The guidelines were prepared in accordance with the Public Limited Liability Companies Act § 6-16a and 5-6 third paragraph, supplemented by the Regulations on guidelines and reports on remuneration of leading personnel, and by the recommendations in section 12 of the Code of Practice issued in October 2021 by The Norwegian Corporate Governance Board.

The guidelines were drafted by the board's people and organisation (P&O) committee and subsequently reviewed and approved by the board. The P&O committee is established to ensure that remuneration of leading persons support the company's strategy and enable the recruitment, succession planning and leadership development, and performance and retention of senior management. Remuneration in OKEA shall comply with the requirements of regulatory and governance bodies, satisfy the expectations of shareholders and remain consistent with the general expectations of employees. Details on the P&O committee's responsibilities are also included in the annual report. The guidelines are reviewed yearly in the committee and potential amendments are presented to the board for approval, and if relevant presented to the general meeting for approval. The board has established procedures for handling of potential conflicts of interest. Senior management do not serve as board members in the company.

The board may, in special circumstances, temporarily deviate from the guidelines. The board may deviate from all elements of the guidelines when deemed necessary in order to safeguard the company's long-term interest and financial sustainability. This may include incorporating additional remuneration elements to attract key senior management functions or reducing/removing remuneration elements if the board considers it appropriate. Should the board decide that such deviation from the guideline is necessary, the decision shall be made in a board meeting and the reasons for the deviation shall be included in the minutes of the relevant board meeting.

The board shall decide on salaries and other remuneration of the CEO. The CEO determines salary and other remuneration of other senior management pursuant to these guidelines. The board, principally through the P&O committee, shall have the overall oversight of remuneration of the company's senior management. If the CEO believes that a temporary deviation from the guidelines is necessary, this should be presented firstly to the P&O committee for consideration and subsequently to the board of directors for approval pursuant to the process described above.

Board fees, including fees for the employee elected board members, are decided by the general meeting.

## **2. Overall remuneration policy**

The company has established a remuneration policy which is applicable for all employees. All positions have been evaluated according to the Korn Ferry Hay methodology and included in the OKEA position-architecture. On this basis, the company is able to benchmark the positions with peers in the relevant market. Benchmarking is performed on an annual basis. The remuneration policy states that the benchmarked relevant market median is the target for all employee's total salary package.

The remuneration policy supports the implementation of the company's strategy and the achievement of overall company goals. The policy is built on the company's values and targets to contribute to the desired corporate culture. The policy shall contribute to the company's ability to attract, develop, and retain people with the right competence, both professionally and behaviourally, in accordance with the requirements for each individual position.

To ensure that the salaries and other remuneration elements for the CEO and senior management support the achievement of the corporate strategy and goals they shall follow the general remuneration policy, which is based on the following main principles:

- The remuneration policy shall contribute to build culture – «We OKEA» – which is characterised by genuine commitment and ownership to develop the entire company, with focus on the company's values: open, engaged, responsible and ambitious
- The remuneration policy shall target to attract, retain and develop employees with the right competence, meaning that it should be competitive, motivating and with the necessary room for flexibility
- The remuneration policy shall be predictable and clear
- The remuneration policy shall include both financial and non-financial incentives

Compensation benefits for senior management shall be set at a level that can be justified with due regard to the company's financial situation.

## **3. Fixed remuneration**

To implement the company's business strategy, long-term interests and financial sustainability, leading personnel are eligible to receive fixed remuneration from the company.

### Base salary

The base salary is the main element in the salary package. The base salary must be competitive and reflect the level of responsibility in the role but should not be market leading. The target is to attract and retain executives/leading personnel with a competitive level of fixed compensation.

## **4. Variable remuneration**

The company seeks to incentivise strong performance and alignment with the company's short and long-term objectives through the use of variable remuneration. As a main rule, variable remuneration shall be based on objective, definable and measurable criteria that contributes to the company's business strategy, long-term interests and financial sustainability.

### Ordinary annual bonus

As part of the compensation package, an ordinary share bonus scheme has been established for all employees which also applies to senior management. The allocation under the share bonus scheme is the same for all employees and can be 0-40% of base salary with a target value of 20%. The specific criteria (KPIs) for the ordinary share bonus are determined by the board of directors on an annual basis and are designed to promote a corporate culture which is focused on value creation and health, safety and environmental performance. The board determines the level of achievement of the KPIs, based on verified documentation from the CFO. The bonus is awarded as a cash amount with an obligation to purchase OKEA shares for a set portion of the awarded amount. If shares are not documented as having been purchased within a defined period, the employee (including those in senior management) will be obliged to repay the amount to the company. Employees who have submitted notice of termination at the time of payment are not entitled to receive bonus. Shares purchased under the bonus scheme have a lock-up period of 12 months.

The board can recover bonuses paid to the senior management in the unlikely event of outcomes based on information which is subsequently proven to have been manifestly misstated.

#### One-off remuneration

One-off remuneration elements, including sign on bonuses, may be used for the recruitment of CEO and senior management. This may also include award of shares. The value of one-off remuneration shall be set with due regard to the company's financial situation.

#### Long-term incentive program

The CEO and senior management are eligible to participate in the company's long-term incentive program (LTIP). The current LTIP programme was established in 2022 with the first award in 2023.

The purpose of the LTIP is to further align the interests of the company and its shareholders by providing a long-term program to incentivise and retain key employees who the company has identified as being critical for delivering on the company strategy. Under the LTIP, each participant is eligible to be allocated and awarded a number of synthetic restricted stock units (RSUs), each of which will entitle the participant to receive the value equivalent to one share in the company. The participants will be allocated and communicated a pre-determined number of synthetic RSUs for the three-year duration of the LTIP. Eligibility for the LTIP will be assessed by the CEO at the time of allocation and award. The board determines allocation to the CEO, and the CEO determines allocation to the other participants.

Award is done on a yearly basis, based on the allocation decided by the board and the CEO respectively. Of the yearly allocated number of RSUs, 50% will be awarded as a cash amount. Should the company's share performance outperform the performance of a designated peer group, an award of up to the remaining 50% will be awarded based on a sliding scale. This performance element will be awarded as a cash amount with an obligation to purchase OKEA shares (post employee tax).

For assessment of the company's share performance towards the peer group, the board of directors may use discretion, for example in the event of extraordinary share price developments on or directly prior to each award date.

Any person who during the term of the LTIP ceases to be a member of senior management will cease to be eligible for grant of award under the LTIP, and all intended and communicated allocation of awards become void and lapse.

In case a participant terminates employment with the company during the LTIP, award of the allocated RSUs may become void and lapse dependent upon whether the participant is considered a good leaver or bad leaver.

Shares purchased under the LTIP have a lock-up period of 24 months.

The board may amend, modify, suspend, or terminate the LTIP at any time.

#### Long-term retention program

The CEO and a few selected members of the senior management are eligible to participate in the company's long-term retention program (LTRP). The LTRP was established in 2024 with the first award in 2025. The purpose of the LTRP is to ensure that the company retains key employees who the board has identified as critical for successful delivery of the company's strategy. The participants will be allocated a fixed yearly cash amount for the three-year duration of the LTRP. The participants are obligated to purchase OKEA shares for a minimum of 50% of the cash amount awarded (post-employee tax). 40% of the award for the third year of the program shall be based on performance and calculated based on the aggregated three-year OKEA share performance compared to the performance of a defined peer group.

The total cash amount which may be awarded under the LTRP, combined for the three-year period, shall not exceed a total of NOK 25 million (pre-employee tax) for the three year duration. The board determines allocation to the CEO, and the CEO determines allocation to the other participants.

For assessment of the company's share performance towards the peer group the board of directors may use discretion, for example in the event of extraordinary share price developments on or directly prior to each award date.

In case a participant terminates employment during the LTRP, the remaining cash amount to be awarded may become void and lapse dependent upon whether the participant is considered a good leaver or bad leaver, or whether or not the termination is related to completing a significant transaction.

Shares purchased under the LTRP have a lock-up period of 24 months.

The board may amend, modify, suspend, or terminate the LTRP at any time.

#### Individual pension schemes, early retirement agreements

The company may enter into various individual pension schemes/agreements or early retirement agreements applicable for the CEO and other members of the senior management. No early retirement agreements have currently been entered into. The company has entered into an individual pension compensation agreement for one member of the senior management.

The company is obliged to have an occupational pension scheme under the Mandatory Occupational Pensions Act. OKEA's pension schemes exceed the minimum requirements of the law. Senior management participate in the company's occupational pension scheme. Offshore employees with retirement age of 65 years, have an additional defined benefit plan to cover for the age 65-67. The company is part of the AFP ("Avtalefestet Pensjon") arrangement, which is a collectively agreed pension scheme in the private sector. AFP is an ungraded lifelong supplement to the retirement pension from the national insurance scheme, that can be utilised after 62 years.

#### Termination periods and severance pay

The company's CEO should normally have an agreement that addresses the ability for an immediate resignation if the board believes that this is in the company's best interest, which should include agreements on severance pay. Severance pay should normally not exceed 24 months of base salary. The CEO will normally have 6 months' notice period in case of termination. The current CEO agreement has a 6 months' notice period and up to 18 months base salary severance pay.

Agreements on severance pay may also be entered into for other senior management as required to ensure that the composition of senior management is in accordance with the company's needs. Such agreements will only be binding to the extent permitted by the Working Environment Act. Senior management should normally have 3 months' notice period in case of termination. All current senior management employment agreements are within these parameters.

#### Other benefits

The CEO and other members of the senior management can be awarded benefits in kind such as coverage of housing, free telephone, health insurance, home PC, free broadband connection, newspapers and parking. There are no special restrictions on what kind of benefits can be agreed upon, but it is expected that these will be "reasonable" and in line with usual practice in comparable companies or situations.

### Overview of compensation elements for senior management

	<b>Description, purpose and link to strategy</b>	<b>Process and governance</b>	<b>Estimated relative share (range) of total reward</b>
Base salary	Fixed cash remuneration paid monthly. Provides predictable remuneration to attract and retain people with the right competence.	The P&O committee and the CEO reviews senior management salaries every year. The P&O committee and the board reviews and determines the CEO salary every year.	55-75%
Ordinary annual bonus	Annual bonus is paid to all employees including CEO and senior management for performance over the financial year. Bonus can be 0-40% of base salary with a target of 20%, depending on KPI achievement.  Signals and rewards strategic and operational results for the year.	Measurable financial and non-financial KPIs are set by the board in line with strategy, goals and targets, focused on value creation and health, safety and environmental performance. The P&O committee reviews and the board determines the level of achievement of the KPIs, based on verified documentation from the CFO.	20-25%
Long-term incentive program (LTIP)	Designed to incentivise CEO and senior management. The senior management team's performance is critical to delivery of the company's strategic goals and value creation.  The value of the award is based on share value, and the LTIP contains a yearly performance element based on share performance compared to defined peers.	At the start of the program, the board determined the total number of synthetic RSUs to be allocated under the program. The CEO determines the individual number of synthetic RSUs to be allocated to each participant based on an overall consideration of the contribution towards achievement of the company's strategic and value creation goals. The P&O committee determines the individual number of synthetic RSUs to be allocated to the CEO. The P&O committee determines achievement of performance element based on verified documentation from the CFO.	10-30%*
Long-term retention program (LTRP)	Designed to retain CEO and a few selected members of senior management who the board has identified as being critical to delivery of the company strategy and growth ambitions.  LTRP contains a performance element based on long term share performance (three-year) compared to defined peers.	The board determine the total cash amount to be allocated under the program.  The CEO determines the individual fixed amount to be allocated to each participant based on an overall consideration of participants achievement towards delivery of the company strategy.  The P&O committee determines the individual fixed amount to be allocated to the CEO.  The P&O committee determines achievement of performance element based on verified documentation from the CFO.	10-25%
Benefits	Customary benefits to cover ordinary work-related expenses.	The company reviews benefits and contractual terms regularly to ensure that award of benefits do not fall behind the market.  Benefits are set with reference to external market practices, internal practices, position and relevant reference remuneration.	0-10%
Total			100%

\* Value dependent on share price at time of award, and relative share of total reward may therefore vary.

## **5. Board remuneration**

None of the shareholder-elected board members have pension schemes or termination payment agreements with the company. The company does not grant share options to members of the board.

The general meeting decides the remuneration of the board and the sub-committees. The nomination committee proposes the remuneration of the board to the general meeting and ensures that it reflects the responsibility of its members and the time spent on board work. The board must approve any board member's consultancy work for the company and remuneration for such work. Information

about all remuneration of individual board members is provided in the notes to the annual accounts and the remuneration report.

*Salaries and other remuneration of the employee elected board members*

The company has employee elected board and deputy board members in accordance with the public limited liabilities companies act. Board and committee fees for the employee elected members are determined by the general meeting following a proposal from the nomination committee. The following guidelines applies for ordinary salaries and other remuneration for employee elected board members and deputy board members:

- Employee elected board members who receive full board and committee fees at the same level as the shareholder elected board members shall not any receive salary from the company for the time spent on board meeting and board work, including any preparation time. Should the employee elected board members not receive full board and committee fees at the same level as the shareholder elected board members, they may receive salary for time spent on board meetings and board work.
- Employee elected board members are entitled to compensation of ordinary and necessary travel cost to the same extent as shareholder-elected board members.
- For employee-elected board members with offshore workplaces, the company shall use its best endeavours to facilitate possibilities to attend board meetings via telephone or video conference. Should such participation not be possible, the relevant deputy board member shall be asked to attend the meeting.