



# Executive Remuneration Report 2021



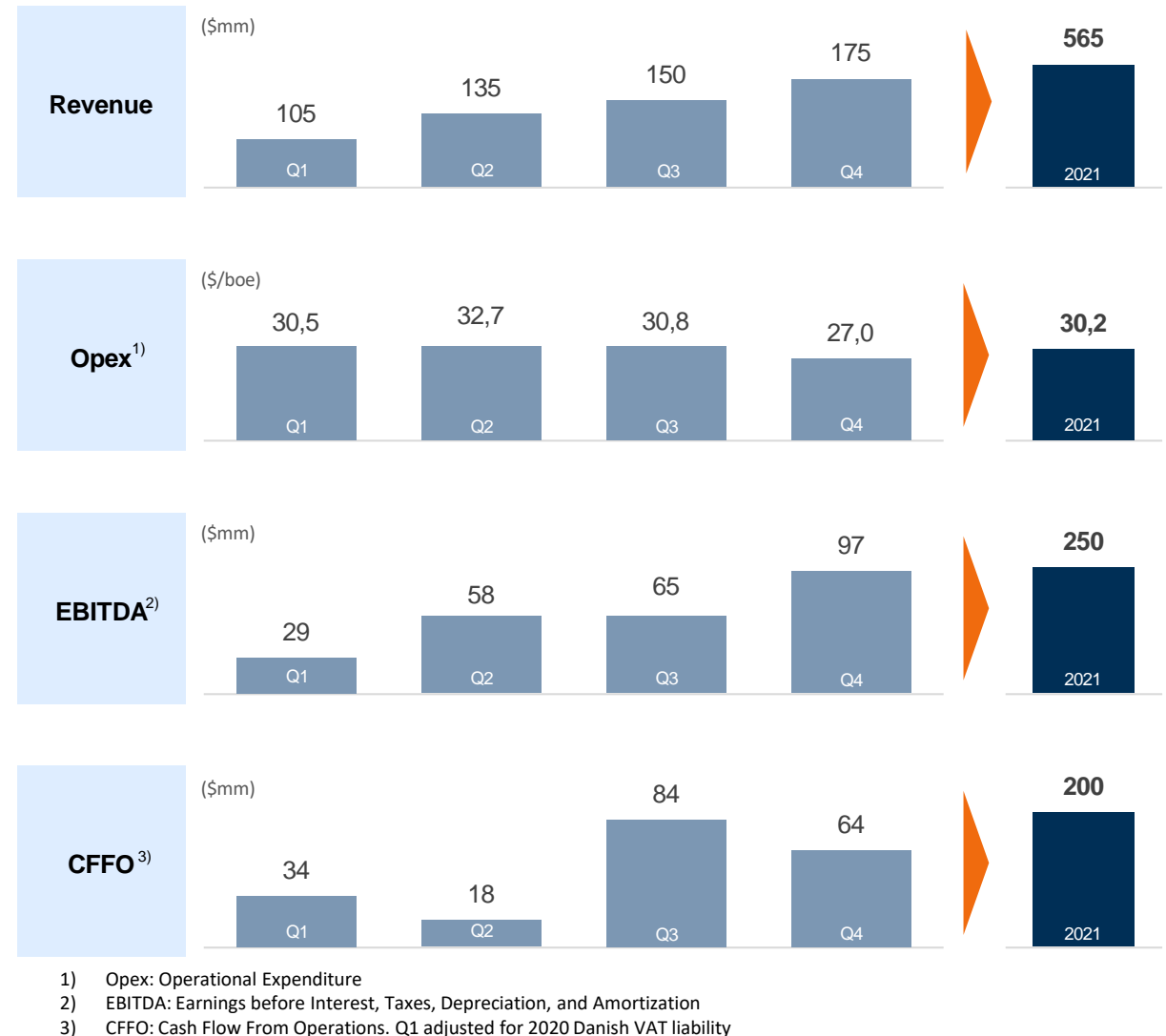
# Content








Page	
3	Introduction
5	Board of Directors' Remuneration
8	Executive Management Remuneration
13	Equity based payment and shareholdings
16	Management statement

### 2021 Highlights

- ✓ **Strong Operational Performance.** Average production from the Halfdan, Dan and Gorm hubs was 26.9 mboepd in 2021, at the top end of Noreco's guidance for the year of 25.5 – 27.5 mboepd. This outcome was primarily driven by the success of the well intervention work programme carried out by Noble Sam Turner. The annual revision of the Company's reserves, confirmed by independent auditor RISC, resulted in total 2P reserves at year end 2021 of 200 mboe and reflects a c. 100 percent reserves replacement ratio.
- ✓ **Significant Tyra Redevelopment Progress.** The ongoing project achieved several important milestones during 2021, and will continue to deliver during 2022 and 2023 as it progresses towards first gas in Q2 2023. Redeveloped Tyra will decrease operating expenditure significantly and lower emissions at the field by 30 percent. In addition, the completed project will extend field life by 25 years and produce enough gas to power what equals to 1.5 million homes in Denmark. The project will provide a strong foundation for future reserves growth, unlocking gross reserves in excess of 200 mboe.
- ✓ **Focused Operational Methodology.** Re-established focus during the second half of 2021 on how the Company can best bring its significant expertise to bear in its role as a non-operated partner in the DUC. Set of principles defined and communicated around concentrating approach on activities where most impactful and we can constructively and persuasively support the operator. While non-operated, we are independent and control our own destiny. Finally, we will continue to be disciplined and accountable.
- ✓ **Demonstrated Environmental Commitment.** Noreco takes seriously its Energy Transition responsibilities, and the Company is actively contributing through involvement and investments in projects and studies for Carbon Capture Storage within and outside the DUC partnership. The focus Noreco has on achieving these objectives is demonstrated by the establishment of a link between performance and the margin payable under the Company's USD 1.1 billion RBL Facility.
- ✓ **Strengthened Financial Position.** During 2021, Noreco amended, extended and increased its RBL Facility to USD 1.1 billion in order to reinforce the Company's financial position prior to the operational restart of the Tyra Hub. The Company also reached an agreement with its NOR14 bondholders in July 2021 to add additional headroom to certain financial covenants in order to reduce exposure to future market volatility. As a result, Noreco continues to have a robust capital structure and be fully funded to deliver the Tyra project.



## Remuneration Committee – meetings and focus 2021

Committee member	Committee meetings attended
Marianne Lie (Chair of Committee)	
Lars Purlund <sup>1</sup> (Former Chair)	
Jan Lernout (Member)	
David B. Cook <sup>2</sup>	
Hege Hayden <sup>2</sup>	

<sup>1</sup> Resigned from office 14 April 21

<sup>2</sup> Not members of the Committee, attended meetings in capacity as CEO and EVP People & Capability regarding the Company's Compensation policy



### Disclosures

- Noreco has applied the Executive Remuneration guidelines throughout 2021 as approved by the General meeting.
- No deviations from the Executive Remuneration policy have been made by the Board of Directors in 2021.
- Noreco has not claimed back any paid remuneration to executives during 2021.
- No Executive has received remuneration from other Group undertakings than their employment entity.

### The Board's Remuneration Committee's main activities 2021

<b>Previous performance period</b>	<ul style="list-style-type: none"> <li>▪ Reviewing the 2020 results and recommending the achievement of the Annual Performance Bonus program (STI)               <ul style="list-style-type: none"> <li>▪ No bonus pay out for Executive Management</li> </ul> </li> </ul>
<b>Current performance period</b>	<ul style="list-style-type: none"> <li>▪ Reviewing and recommending the proposed annual salary increase               <ul style="list-style-type: none"> <li>▪ Maintained the salary freeze for Executive Management set in 2019 in the context of Covid 19 and business performance</li> </ul> </li> <li>▪ Reviewing the proposals for Noreco's Total Compensation Policy proposed by the Administration 2H 2021 and aligning Executive programs accordingly               <ul style="list-style-type: none"> <li>▪ Evaluating the appropriateness of the proposed Short Term Incentive ("STI") and Long Term Incentive ("LTI") programs, relevance of metrics in the current context of the Noreco being a non-operated oil and gas company, and suitability of reward levels, including reviewing market practise and trends</li> <li>▪ Delayed endorsement of amended Annual Performance Bonus Program and its 2021 Key Performance Indicators for Board's approval due to change in strategic priorities (approved 2022)</li> <li>▪ Delayed endorsement of LTI program for Board's approval until 2022</li> </ul> </li> <li>▪ Endorsing the terms for employment of new Executives</li> <li>▪ Endorsing and recommending terms upon Executives' resignations</li> </ul>
<b>Governance activities</b>	<ul style="list-style-type: none"> <li>▪ Reviewing and updating the 2021 Guideline on Executive Remuneration, later approved by AGM May</li> <li>▪ Preparing for adjustment of the Guideline on Executive Remuneration on basis of the Total Compensation Policy proposed</li> <li>▪ Preparing this Annual Executive Remuneration Report 2021 in the context of the latest guidelines on Company Law requirements for listed companies (EU directive implemented) and general best practise trends in executive remuneration disclosure</li> <li>▪ Approving Minutes of Meetings and following up actions set from the Remuneration Committee's meetings</li> </ul>
<b>Future performance periods</b>	<ul style="list-style-type: none"> <li>▪ Reviewing Key Performance Indicators for the Annual Performance Bonus Program 2022 (STI)</li> </ul>

**Noreco Board of Directors 2021**

All Board members hold their office for two years and all are shareholder elected. There is no employee elected representatives in the Board of Directors. Currently, the Board counts seven members.

- Riulf Karsten Rustad is Executive Chair of the Board.
- Tone Kristin Omsted, Marianne Lie and Robert J. McGuire were not for election in 2021 and hold office until AGM 2022.
- Lars Purlund resigned from the Board 14 April 2021 and was not replaced as it was preferred to reduce number of Board members.

Three Board members were for election in 2021.

- Colette Cohen was re-elected for a period of two years.
- To strengthen the shareholder representation in the Board
- Jan Lernout (Kite Lake Capital Management (UK) LLP) and Peter Coleman (Taconic) were elected as members by AGM 19 May 2021 and replaced Chris Bruijnzeels and Yves-Louis Darricarrere.

All Noreco Board meetings in 2021 were done by video conference, except for one joint 2-days meeting with the Board and the Noreco Executive Management.

Board of Directors	Board meetings
Riulf Rustad (Executive Chair)	
Marianne Lie	
Tone Kristin Omsted	
Colette Cohen	
Robert J. McGuire	
Jan Lernout	
Peter Coleman	
Lars Purlund	
Chris Bruijnzeels	
Yves-Louis Darricarrere	

Audit Committee	Committee meetings
Marianne Lie	
Tone Kristin Omsted	
Peter Coleman	

ESG Committee	Committee meetings
Colette Cohen	
Robert J. McGuire <sup>1)</sup>	

1) Joined the ESG committee in July 2021

Nomination Committee	Committee meetings
Richard Sjøquist	
Annette Malm Justad	
Kristian Utkilen	

2021 Fee Structure In USD	Board of Directors	Audit Committee	Remuneration Committee	ESG Committee	Nomination Committee
Chair	500 000	n/a	n/a	n/a	1500/meeting
Member	60 000	n/a	n/a	n/a	1500/meeting

# Board of Directors' 2021 Remuneration

## Board of Directors 2021 Remuneration

In Thousands USD

Board member	Position	Period served on the Board		Audit Committee	Remuneration Committee	ESG Committee	Nomination Committee	Base fee	Bonus	LTIP	Total fee
		From	To								
Riulf Rustad <sup>1)</sup>	Executive chair	27.03.2015						500	200	-	700
Marianne Lie	Board Member	26.05.2016		Chair	Chair			60	-	-	60
Tone Kristin Omsted	Board Member	26.05.2016		Member				60	-	-	60
Colette Cohen	Board Member	15.09.2019				Chair		60	-	-	60
Robert J. McGuire	Board Member	02.03.2020				Member		60	-	-	60
Jan Lernout	Board Member	19.05.2021			Member			37	-	-	37
Peter Coleman <sup>2)</sup>	Board Member	19.05.2021		Member				-	-	-	-
Yves-Louis Darricarrère	Former Board member	15.09.2019	19.05.2021					23	-	-	23
Chris Bruijnzeels	Former Board member	15.09.2019	19.05.2021					23	-	-	23
Lars Purlund	Former Board member	26.05.2016	14.04.2021		Former member			17	-	-	17
<b>Total Board Remuneration 2021</b>								<b>841</b>	<b>200</b>	<b>-</b>	<b>1 041</b>

## Nomination Committee 2021 Remuneration

Richard Sjøquist		27.03.2015					Chair	6	-	-	6
Anette Malm Justad		28.06.2018					Member	6	-	-	6
Kristian Utkilen		20.05.2015					Member	6	-	-	6
<b>Total Nomination Committee</b>								<b>18</b>	<b>-</b>	<b>-</b>	<b>18</b>

1) Bonus for Executive Chair is expensed in 2021 and is subject to approval in the annual general meeting May 2022

2) Peter Coleman has voluntarily waived his right to compensation for his Board engagement.

The overview includes remuneration earned in 2021 by the board members in their capacity as such on the Board of Directors of Noreco ASA.

The historical remuneration to the Board of Directors for 2017 - 2021 is available on page 7. The overview of the Board of Director's holdings of shares/shares options is presented in the section 4 "Equity based payment and shareholdings", page 14.

# Board of Directors' Remuneration Summary 2017-2021<sup>9)</sup>

In Thousands USD

Name	Role	2021			2020			2019			2018			2017	
		Total fee	Variable portion %	Change %	Total fee	Variable portion %	Change %	Total fee	Variable portion %	Change %	Total fee	Variable portion %	Change %	Total fee	Variable portion %
Riulf Rustad <sup>1,2)</sup>	Executive chair	700	29 %	0 %	700	29 %	-89 %	6 422	92 %	817 %	700	29 %	1185 %	54	0 %
Marianne Lie <sup>2)</sup>	Board Member	60	0 %	0 %	60	0 %	-36 %	94	52 %	156 %	37	0 %	2 %	36	0 %
Tone Kristin Omsted <sup>2)</sup>	Board Member	60	0 %	0 %	60	0 %	-25 %	80	44 %	118 %	37	0 %	2 %	36	0 %
Colette Cohen <sup>3)</sup>	Board Member	60	0 %	-	60	0 %	233 %	18	0 %	100 %	n/a	n/a	n/a	n/a	n/a
Robert J. McGuire <sup>4)</sup>	Board Member	60	0 %	20 %	50	0 %	100 %	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jan Lernout <sup>5)</sup>	Board Member	37	0 %	100 %	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Peter Coleman	Board Member	-	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Yves-Louis Darricarrère <sup>6)</sup>	Former Board member	23	0 %	-62 %	60	0 %	233 %	18	0 %	100 %	n/a	n/a	n/a	n/a	n/a
Chris Bruijnzeel <sup>7)</sup>	Former Board member	23	0 %	-62 %	60	0 %	233 %	18	0 %	100 %	n/a	n/a	n/a	n/a	n/a
Lars Purlund <sup>2,8)</sup>	Former Board member	17	0 %	-71 %	60	0 %	-98 %	3 219	99 %	8627 %	37	0 %	-97 %	1 232	97 %
<b>Total</b>		<b>1 041</b>	<b>19 %</b>	<b>-6 %</b>	<b>1 110</b>	<b>18 %</b>	<b>-89 %</b>	<b>9 870</b>	<b>93 %</b>	<b>1117 %</b>	<b>811</b>	<b>25 %</b>	<b>-40 %</b>	<b>1 359</b>	<b>88 %</b>

- 1) Bonuses awarded are included in variable portion 2018-2020. Bonus expensed, ref. page 6, included in variable portion 2021. Variable portion in 2019 includes the additional earned amount as a result of the existing option scheme from 2016 was cancelled and settled in cash
- 2) Variable portion 2019 includes Fair Market Value of total options granted
- 3) Colette Cohen took up office 15 September 2019 and remuneration for 2019 is pro-rata
- 4) Robert J. McGuire took up office 2 March 2020 and remuneration for 2020 is pro-rata
- 5) Jan Lernout took up office 19 May 2021 and remuneration for 2021 is pro-rata
- 6) Yves-Louis Darricarrère took up office 15 September 2019 and ended office 19 May 2021. Remuneration for 2019 and 2021 are pro-rata
- 7) Chris Bruijnzeels took up office 15 September 2019 and ended office 19 May 2021. Remuneration for 2019 and 2021 are pro-rata
- 8) Lars Purlund took up office 26 May 2016 and resigned 14 April 2021. Remuneration for 2021 is pro-rata. Variable portion 2017 included Fair Market Value of total options granted.
- 9) Except for 2021, the summary presents the actual annual remuneration earned for the year.

For further information on the Board of Director's equity based remuneration, we refer to page 14.

Noreco's current Executive Remuneration Guidelines was approved by AGM 19 May 2021. 86,75% that voted in favour and 13,25% voted against the proposed guideline, representing respectively 62,92% and 8,3% of the share capital.

It is expected that the Executive Remuneration Guidelines will be adjusted and aligned followed by approval of the Total Compensation philosophy and its programs Q1 2022. In practise remuneration is based on the same pillars and principles for both Executives and employees;

- Clear and transparent governance of policy and plans
- Compliance with regulatory requirements and principles of good business conduct
- Fair treatment of all employees
- Sustainable pay linking remuneration to performance, actual results and stakeholder value creations

#### REMUNERATION OF THE EXECUTIVE MANAGEMENT

The total remuneration for Executives shall be competitive to attract, motivate and retain qualified and high-performing Executives in a global industry. Compensation offered is to reflect

the accountabilities and effort required, reward success in value creation, ensure alignment to strategy and shareholders' interest and reflect market trends and practices to remain competitive. Total remuneration for Executives consists of three main elements; fixed pay, pension and benefits, and variable pay.

The Board of directors decides on individual compensation for CEO/MD and CFO. The CEO/MD decides for other Executives advised and informed to Remuneration Committee and the Board when applicable.

#### Executive Management 2021 Remuneration

In Thousands USD

Executive Management	Position	Employment period		Fixed remuneration			Variable pay		Extraordinary items <sup>2)</sup>	Total Remuneration	Fixed %	Variable %
		From	To	Salary	Other benefits	Pension	STIP <sup>1,5)</sup>	LTIP <sup>6)</sup>				
Euan Shirlaw	Acting MD and CFO	01.10.2019		376	2	21	300	-	-	698	57 %	43 %
John Hulme	COO	15.03.2021	31.12.2021 <sup>4)</sup>	341	25	-	151	-	158	676	54 %	46 %
Cathrine Torgersen	EVP, Investor Relations & ESG	01.01.2020		200	1	16	162	-	-	379	57 %	43 %
Hege Hayden	EVP, People & Capability	01.10.2020		172	1	16	102	-	-	291	65 %	35 %
David B. Cook	Former CEO	01.07.2020	29.11.2021 <sup>4)</sup>	567	173	32	-	-	803	1 576	49 %	51 %
Fredrik Rustad	Former EVP	17.12.2015	01.05.2021 <sup>4)</sup>	124	1	11	-	-	428	564	24 %	76 %
<b>Total Executive Management Remuneration 2021</b>				<b>1 780</b>	<b>204</b>	<b>96</b>	<b>716</b>	<b>-</b>	<b>1 389</b>	<b>4 184</b>	<b>50 %</b>	<b>50 %</b>

1) Actual Annual Performance bonus 2021 to be paid in April 2022

2) John Hulme's STIP cost paid February 2022

3) Extraordinary payments are included in the variable ratio and refers to agreements and terms for payment at end of employment

4) Release date. Fixed and variable remuneration calculated until release date.

5) Short Term Incentive Programs – "STIP"

6) Long Term Incentive Programs – "LTIP". LTIP fully reported in year of grant. For more information, see page 11



## FIXED REMUNERATION

### FIXED SALARY

Noreco aims to provide competitive salaries and equal pay to attract and retain individuals with the right capabilities to execute business strategy and ensure sustainable development of the Noreco Group. Base salary rewards day-to-day performance and represents overall a significant component of the Executives' total remuneration payment.

The Remuneration Committee reviews fixed salaries for the Executives annually, taking into account a number of relevant factors, including the individual's performance, role and responsibilities. The Committee takes into account reference to relevant market benchmarks performed by external advisors.

In 2020 a salary freeze was set for all staff in the context of Covid, the business and industry challenges.

In 2021 a general annual adjustment for staff applied. However, there was no general annual increase for the Executives directors.

Due to increased accountabilities during 2021 and later a new role, EVP IR & ESG Cathrine Torgersen got a 53% increase in annual base salary with effect from 1 October. When being appointed as Acting Managing Director from 1 December, the CFO Euan Shirlaw was entitled a salary supplement while holding both positions which led to a temporary 36% increase of his annual base salary.

### PENSION

To attract and retain Executives, a competitive retirement benefit in addition to the respective national public pension plans, is offered through market-adapted pensions plans.

Aligned with regulatory requirements within the respective jurisdictions Noreco provides defined contribution pension plans for its

Executives similar to the one offered other employees.

In Norway, no top hat pension nor any early retirement pension plan is established. Disability pension is included in the pension scheme according to market practise. Outside Norway, the pension schemes also include employee contribution.

### BENEFITS

Suitable cash and non-cash benefits are offered in line with market practise to foster employer attractiveness, retention and for Noreco to meet its obligations of safeguarding a healthy and positive working environment.

Executives have the similar benefits as other employees to support flexibility, work efficiency and appropriate work conditions; company mobile phone, free mobile subscription and domicile broadband.

Executives are eligible the corresponding personnel, health and travel insurance offered to employees according to local legislation or across the group when applicable.

Executives and employees are eligible to the same holidays entitlements.

To support Noreco's ESG objective, no company car nor car allowance has been offered Executives – nor any new employee.

There has been no changes in benefits offered Executives and employees in 2021.

## VARIABLE REMUNERATION

Noreco offers a variable pay program as part of the total remuneration to its Executives to incentivise the execution of the business strategy, delivery of financial targets and to ensure long-term value creation aligned with shareholders' interests.

### SHORT TERM INCENTIVES

Noreco's STI plans shall incentivise the execution of the business strategy and reward delivery against annual corporate targets and priorities as well as the achievement of personal objectives. The bonus programs rewards performance that exceeds expectations and delivers distinctive outcomes and is, therefore, not regarded as part of base compensation.

#### Annual Performance Bonus Program

The scope of the Annual Performance Bonus Program for 2021 is to drive and reward delivery of short-term strategic priorities, performance improvements and behaviour that are consistent with long-term value creation for Noreco shareholder. The actual Performance Bonus Program award is a purely discretionary decision of the Board of Directors of Noreco ASA.

No individual Performance bonus based on 2020 performance was awarded to Executives in 2021.

For 2021, the Executive Bonus program has been changed from individual schemes to a joint Executive bonus program aligned with the new Annual Performance bonus program set for all employees. Both programs recognise group performance as basis for the bonus pool and distribute and rewards extraordinary individual performance based on the outcome of annual review.

For Executives, the Annual Performance Program has a max potential of 60% of annual base salary.

Actual bonus pool to be distributed will be determined by the successful delivery of Key Performance Indicators (“KPIs”) set for 2021 – that is until End March 2022. The KPIs - the funding criteria, are weighted and set as qualitatively measuring of progress and delivery of defined tangible activities that support the strategic priorities set for 2022 emphasising value protection alongside value creations. Operational and financial/commercial success criteria have been set. Successful delivery of the operational and financial/commercial KPIs can for each category contribute 75% with a corresponding 50% reduction for non-deliveries. The total successful contribution to the bonus pool is capped at 100%. In a low performance case where the reduction to the bonus pool is higher than the positive contribution, no bonus is paid.

The performance period will normally follow the calendar year. However, due to change in strategic priorities, the performance period for 2021 was extended to March 2022. The business performance review of 2021 KPIs achievement took place at the end of the extended performance period. Bonus pool payable 2021 has been endorsed by the Remuneration Committee and approved by the Board in April 2022. For the financial year 2021, Annual Performance bonus to be paid in April 2022 will be equal to max potential.

For the bonus program for 2022 the KPIs set for delivery and impact of the strategic priorities for 2022, will be assessed and determined for Board’s approval at year end.

#### One-off Bonus Program

The One-off bonus program recognise exceptional contribution outside the regular bonus cycle e.g. extraordinary performance or commitment, special achievements and/or state of excellence.

No one-off bonus was awarded Executives for 2021.

#### LONG TERM INCENTIVES

Noreco’s LTI plans are to align Executives and employees’ interests with shareholders’ and recognise the organisation’s success or otherwise in driving long-term value creation across a multi-year horizon. Noreco believes long term value sharing attracts and retains the best talent, promotes an ownership mindset, builds trust, reinforces the company’s business model and accelerates results.

#### Share Option Program

The Share Option program was implemented in 2018 and later amended on 7 August 2019, to ensure further alignment with shareholders and the business strategy, and to facilitate recruitment of key personnel, including board members.

The program is at the Board's discretion and share options has usually been granted as a sign-on upon commencement of employment.

The Share Option program has a three year vesting period for granted options, with 1/3 vesting each year. The share options must be exercised within 5 years after grant date. The Board of Directors may at its discretion decide on cash settlement of the options on exercise. Unvested options are terminated immediately upon termination of employment/engagement. Vested options can, based on certain premises, be exercised shortly upon notice/decision of resignation/termination. If employment/engagement is terminated due to reasons on the part of the participant, both vested and unvested

options terminate immediately. Otherwise, there is no other claw back provision applied.

There is no performance criteria linked to the Share Option program. There is no holding period for exercised share options. The Share Options program has no cap limiting the value upon exercise.

No share options were granted to Executives nor Directors of the Board in 2021.

No share options were exercised by Executives nor Directors of the Board in 2021.

For further details on the Share Option program and reporting on equity based remuneration, we refer to section 4 “Equity based payment and shareholdings”, page 13 and 15.

# Executives Remuneration Summary 2017-2021 <sup>10)</sup>

In Thousands USD

Name	Role	2021			2020			2019			2018			2017	
		Total	Variable portion %	Change %	Total	Variable portion %	Change %	Total	Variable portion %	Change %	Total	Variable portion %	Change %	Total	Variable portion %
Euan Shirlaw <sup>1)</sup>	Acting MD and CFO	698	43 %	12 %	622	48 %	-9 %	687	85 %	100 %	-	-	-	-	-
John Hulme <sup>2)</sup>	COO	676	46 %	100 %	-	-	-	-	-	-	-	-	-	-	-
Cathrine Torgersen <sup>3)</sup>	EVP, Investor Relations & ESG	379	43 %	11 %	342	48 %	100 %	-	-	-	-	-	-	-	-
Hege Hayden	EVP, People & Capability	291	35 %	565 %	44	0 %	100 %	-	-	-	-	-	-	-	-
David B. Cook <sup>4)</sup>	Former CEO	1 576	51 %	-43 %	2 749	87 %	100 %	-	-	-	-	-	-	-	-
Fredrik Rustad <sup>5)</sup>	Former MD/EVP	564	76 %	109 %	270	12 %	-83 %	1 613	85 %	707 %	200	0 %	100 %	-	-
Atle Sonesen <sup>6)</sup>	Former MD and COO	-	-	-	1 061	54 %	1209 %	81	8 %	100 %	-	-	-	-	-
Sjur Talstad <sup>7)</sup>	Former COO	-	-	-	-	-	-	576	26 %	704 %	72	0 %	100 %	-	-
Cecilie Olesen Lindseth <sup>8)</sup>	Former MD	-	-	-	-	-	-	-	-	-	76	0 %	4 %	73	0 %
Silje Christine Augustson <sup>9)</sup>	Former CFO	-	-	-	-	-	-	-	-	-	-	-	-	226	3 %
<b>Total</b>		<b>4 184</b>	<b>50 %</b>	<b>-18 %</b>	<b>5 087</b>	<b>68 %</b>	<b>72 %</b>	<b>2 957</b>	<b>71 %</b>	<b>751 %</b>	<b>347</b>	<b>0 %</b>	<b>16 %</b>	<b>299</b>	<b>2 %</b>

- 1) Euan Shirlaw's total remuneration 2021 includes a temporary 36% salary increase from 1 December 2021 while holding the role as Acting Managing Director in addition to the role as CFO. Variable portion 2019 includes Fair Market Value of total options granted
- 2) John Hulme was employed 15 March 21 and resigned in 2021. Remuneration calculated pro-rata until release date at year end. Variable portion 2021 includes allocated cost for Extraordinary items related to terms for payment at end of employment.
- 3) Cathrine Torgersen's total remuneration 2021 includes a 53% increase in salary from 1 October 2021 due to increased accountabilities during 2021 and later a new role. Variable portion 2020 includes Fair Market Value of total options granted
- 4) David B. Cook was employed 1 July 2020 and resigned 29.11.21. Remuneration calculated pro-rata until release date. Variable portion 2021 includes allocated cost for Extraordinary items related to terms for payment at end of employment. Variable portion includes Fair Market Value of total options granted in 2020. See slide 15 for terminated options
- 5) Frederik Rustad, employed 7 December 2015, was appointed Managing Director 1 April 2018 which implied a 111% increase in salary. Remuneration 2018 pro-rata. He resigned in 2021. Fixed pay calculated pro-rata until release date 01.05.21. Variable portion 2021 includes allocated cost for Extraordinary items related to terms for payment at end of employment. Variable portion 2019 includes Fair Market Value of total options granted. See slide 15 for terminated options
- 6) Atle Sonesen, employed 1 November 2019 was released from duty 15 November 2020. Remuneration calculated pro-rata. Variable portion 2020 includes Extraordinary items related to terms for payment at end of employment. Granted options in 2020, but all terminated in 2020, thus FMV not included
- 7) Sjur Talstad, employed 15 November 2018 was released from duty on 30 August 2019. Remuneration calculated pro-rata. Variable portion 2019 includes Extraordinary items related to terms for payment at end of employment
- 8) Cecilie Olesen Lindseth, employed 1 October 2017 until 31 March 2018. Remuneration calculated pro-rata
- 9) Silje Christine Augustson, employed until 30 September 2017. Remuneration calculated pro-rata
- 10) Except for 2021, the summary presents the actual annual remuneration earned for the year. Variable portion for 2021 include earned bonus for 2021 determined and paid in April 2022, ref page 8

# Ratio Executives vs Employees Remuneration Summary 2017-2021

## Five year history of financial performance and average staff cost

Financial performance	Unit	2021	Change %	2020	Change %	2019	Change %	2018	Change %	2017
Total revenue	USDm	565	0 %	566	70 %	333	17569 %	2	56 %	1
Net result for the period	USDm	(53)	-405 %	17	-92 %	215	-4407 %	(5)	-114 %	37
Total production	mboepd	26,9	-6 %	28,5	-20 %	35,7	53913 %	0,1	-24 %	0,1

## Average remuneration of group employees

Average employee remuneration, excluding executives		254,6	40 %	181,9	-19 %	223,9	8 %	207,7	-8 %	225,7
Average Executives / average employee ratio, remuneration <sup>1)</sup>		3,4	13 %	3,1	16 %	2,7	237 %	0,8	14 %	0,7

1) Remuneration ratio does not include share options' Fair Market Value

## Equity Based Payment and Shareholdings

Noreco seeks to comply with the Norwegian Code of Practice for Corporate Governance (the "Corporate Governance Code"), last revised on 14 October 2021. However, within the aspect of shareholding, Noreco deviates from the code;

- The Board of directors of Noreco has been, and is expected to be, provided with authorisations to acquire own shares and issue new shares. Not all of such authorisations have separate and specific purposes for each authorisation as the purposes of the authorisations shall be explained in the notices to the general meetings adopting the authorisations.
- Options have been and/or are expected to be granted members of the Board of Directors in addition to management through the share option program of Noreco.

Noreco ASA first implemented at the AGM 21 January 2016, a share option programme, that later has been extended and expanded. At an extraordinary general meeting held 8 November 2018 (and later amended), where the Board of Directors was authorized to grant options up to a total of 1,510,000 shares in the company as part of a new incentive program. In May 2020, the beneficiaries under the share option programme was offered to accept amended terms of (i) a reduced strike price of NOK 160 per share and (ii) a reduction in the number of options granted of 30%. Following this, the option programme was reduced from a total of 1,510,000 shares to 1,198,868 shares in the Company and the outstanding options at the time was reduced by 323,086 to 753,868.

In addition to the above-mentioned option programme, the general meeting resolved on 7 August 2019 a share option programme in which Noreco may issue one option for each share purchased by any board member up to a total of 10,000 shares for each Board Member. Executive Chair Riulf Rustad and at that time board member Lars Purlund was not eligible to participate in this share option program

The Board of Directors of Noreco has in 2021 not granted any options in the two programs to new participants or granted additional options to existing participants. In total 235 000 share options not being vested by beneficiaries upon resignation, has been relinquished to the Company. Per 31.12.2021, the program counts 450 000 options remaining to be granted under the program.

### Total Shares options:

Total share options outstanding as at 1 January 2020	956 954
Share options granted in 2020	420 000
Amendment to option programme	(323 086)
Share options relinquished in 2020	(70 000)
<b>Outstanding at 31 December 2020</b>	<b>983 868</b>
Share options relinquished in 2021	(235 000)
<b>Outstanding at 31 December 2021</b>	<b>748 868</b>

### The following table list the inputs to the model used:

Weighted averages	2021	2020	2019	2018	2017
Fair value at valuation date (NOK)	83	63	92	n/a	141
Share price at valuation date (NOK)	143	145	278	n/a	258
Exercise price (NOK)	160	160	238	n/a	260
Expected volatility	57.49%	57,96 %	34,6%	n/a	111 %
Expected life (years)	2.7	3,9	5	n/a	2
Expected dividends	n/a	n/a	n/a	n/a	n/a
Risk-free rate (based on government bonds)	0.35%	0,36 %	1,2%	n/a	0.74%
Model used		Black - Scholes - Merton			Monte Carlo

## Board members' share options

Name	Position	Vesting period	Grant Date	Expiry Date	Strike Price <sup>1)</sup>	USD 1000		Number							
						FMV on Grant Date	Options granted	1 Jan 2021	Granted	Terminated	Exercised	31 Dec 2021	Vested	Unvested	
Riulf Rustad	Executive chair	No	01.08.19	01.08.24	160	4 195	280 000	280 000	-	-	-	280 000	280 000	-	
		3 years	01.08.19	01.08.24	160	993	63 000	63 000	-	-	-	63 000	42 000	21 000	
Marianne Lie	Board Member	3 years	30.08.19	31.08.24	160	49	4 868	4 868	-	-	-	4 868	3 245	1 623	
Tone Kristin Omsted	Board Member	3 years	30.08.19	31.08.24	160	35	3 500	3 500	-	-	-	3 500	2 333	1 167	
Jan Lernout	Board Member	-	-	-	-	-	-	-	-	-	-	-	-	-	
Colette Cohen	Board Member	-	-	-	-	-	-	-	-	-	-	-	-	-	
Robert J. McGuire	Board Member	-	-	-	-	-	-	-	-	-	-	-	-	-	
Peter Coleman	Board Member	-	-	-	-	-	-	-	-	-	-	-	-	-	
Lars Purlund	Former Board member	No	01.08.19	01.08.24	160	2 622	175 000	175 000	-	-	-	175 000	175 000	-	
		3 years	01.08.19	01.08.24	160	552	35 000	35 000	-	(23 333)	-	11 667	11 667	-	
Yves-Louis Darricarrère	Former Board member	-	-	-	-	-	-	-	-	-	-	-	-	-	
Chris Bruijnzeels	Former Board member	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>						<b>8 447</b>	<b>561 368</b>	<b>561 368</b>	-	-	<b>23 333</b>	-	<b>538 035</b>	<b>514 245</b>	<b>23 790</b>

1) Original strike price 240, terms amended by AGM approval May 2020 and number of options granted reduced 30%

## Board members' holdings of shares in Noreco ASA

Name	Role	Number			
		1 Jan 2021	Awarded/ acquired	Sold	31 Dec 2021
Riulf Rustad	Executive chair	146 975	-	-	146 975
Tone Kristin Omsted	Board Member	5 000	-	-	5 000
Marianne Lie	Board Member	8 954	-	-	8 954
Jan Lernout	Board Member	-	-	-	-
Colette Cohen	Board Member	-	-	-	-
Robert J. McGuire	Board Member	-	-	-	-
Peter Coleman	Board Member	-	-	-	-
<b>Total</b>		<b>160 929</b>	-	-	<b>160 929</b>

The number of shares owned by board members is allocated between private shareholding and shareholding through companies controlled by Board members.

By purchasing shares in the Subsequent Offering commencing 12 August 2019, Tone Kristin Omsted and Marianne Lie were granted options based on the Option Share program of 7 August 2019. Marianne Lie held 2000 shares via Fajoma Consulting prior to taking up office as board member in Noreco ASA. Thus, 2 000 of the total 8 954 shares were not included in the option grant basis.

## Executives' share options

Name	Position	Vesting period	Grant Date	Expiry Date	Strike Price <sup>1)</sup>	USD 1000	Number								
						FMV on Grant Date	# options granted	1 Jan 2021	Granted	Terminated	Exercised	31 Dec 2021	Vested	Unvested	
Euan Shirlaw	Acting MD and CFO	3 years	30.08.19	31.08.24	160	425	42 000	42 000	-	-	-	42 000	28 000	14 000	
John Hulme	COO		-	-	-	-	-	-	-	-	-	-	-	-	
Cathrine Torgersen	EVP, Investor Relations & ESG	3 years	31.01.20	31.01.25	160	165	14 000	14 000	-	-	-	14 000	4 667	9 333	
Hege Hayden	EVP, People & Capability		-	-	-	-	-	-	-	-	-	-	-	-	
David B. Cook	Former CEO	3 years	01.07.20	01.07.25	160	2 393	300 000	300 000	-	(200 000)	-	100 000	100 000	-	
Fredrik Rustad	Former MD/EVP	No	01.08.19	01.08.24	160	577	38 500	38 500	-	-	-	38 500	38 500	-	
		3 years	01.08.19	01.08.24	160	276	17 500	17 500	-	(11 667)	-	5 833	5 833	-	
<b>Total</b>						<b>3 836</b>	<b>412 000</b>	<b>412 000</b>	-	-	<b>211 667</b>	-	<b>200 333</b>	<b>177 000</b>	<b>23 333</b>

## Executives' holdings of shares in Noreco ASA

Name	Role	Number			
		1 Jan 2021	Awarded/ acquired	Sold	31 Dec 2021
Euan Shirlaw	Acting MD and CFO	-	-	-	-
John Hulme	COO	-	-	-	-
Cathrine Torgersen <sup>1)</sup>	EVP, Investor Relations & ESG	700	-	-	700
Hege Hayden	EVP, People & Capability	-	-	-	-
<b>Total</b>		<b>700</b>	-	-	<b>700</b>

1) Cathrine Torgersen's shares are privately purchased and is not awarded as remuneration in her employment

The Board of Directors has today considered and adopted the Executive Remuneration Report of Norwegian Energy Company ASA for the financial year 2021.

The Executive Remuneration Report has been prepared in accordance with the Public Limited Liability Companies Act § 6-16b.

The Executive Remuneration Report is submitted to the Annual General Meeting for an advisory vote.

Oslo, 11 April 2022

### Board of Directors

Riulf Karsten Rustad  
Executive Chair

Tone Kristin Omsted  
Board member

Marianne Lie  
Board member

Colette Cohen  
Board member

Robert J. McGuire  
Board member

Jan Lernout  
Board member

Peter Coleman  
Board member





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To the General Meeting of Norwegian Energy Company ASA

## Independent auditor's assurance report on report on salary and other remuneration to directors

### Opinion

We have performed an assurance engagement to obtain reasonable assurance that Norwegian Energy Company ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

### Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

### Our independence and quality control

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 11 April 2022  
KPMG AS

Mona Irene Larsen  
*State Authorized Public Accountant*  
(This document is signed electronically)

#### Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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## Mona Irene Larsen

Statsautorisert revisor

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