

# Awilco LNG ASA

## REPORT ON REMUNERATION TO LEADING PERSONS FOR 2021

Prepared for the annual general meeting May 24, 2022

### 1. Introduction

This report on remuneration to senior executives (the "**Report**") is prepared by the board of directors of Awilco LNG ASA ("**Company**" and together with its subsidiaries the "**Group**"). The Report has been prepared in accordance with the Norwegian Public Limited Liability Act 1997 section 6-16 b, the Norwegian Regulation on Guidelines and Report on Remuneration of Leading Employees of 2020 (Nw.: Forskrift om retningslinjer og rapport om godtgjørelse for ledende personer).

The Report comprises remuneration to the Company's CEO, CFO who are or have been employed by, or held office in, the Company for the financial year 2021 as these are defined as key management personnel. The purpose of the Report is to provide a comprehensive, clear and understandable overview over awarded and due gross salary and remuneration to Senior Executives for the last financial year and how the remuneration is in accordance with the guidelines for remuneration of Senior Executives adopted by the annual general meeting 2021 of the Company (the "**Remuneration Guidelines**") and to what extent the remuneration is linked to the performance of the Company. The Report provides details, both in total and individualized, on the remuneration of the Company's Senior Executives.

### 2. Company highlights in 2021

#### *Overall company performance in 2021*

The Group generated net freight income of USD 57.1 million in 2021, up from USD 30.7 million in 2020, mainly caused by a strong spot market in the beginning of the year followed multi months charter contracts for both vessels from second quarter lasting well into 2022. These numbers equate to Time Charter Equivalents ("TCE") earnings of USD 78.200 per day in 2021 and USD 41.600 per day in 2020. Fleet utilisation for the year ended at 100 %, same as in 2020.

Operating expenses for the year ended at USD 10.0 million, up from USD 9.1 million in 2020, mainly driven by increased cost related to the Covid-19 pandemic and non-recurring maintenance work. Other income is limited and only reflect a minor adjustment to one insurance claim following repair work of one engine, where the expense was settled in 2020.

Administration expenses went up from USD 3.0 million in 2020 to USD 3.9 million in 2021. Depreciation and amortisation were USD 12.6 million in 2021 compared to USD 12.5 million in 2020. Net financial expenses were USD 9.6 million in 2021, down from USD 13.5 million in 2020 following full year at refinanced terms, lower floating LIBOR rates and dividend received from DNK.

Profit before tax for the period was USD 21.1 million compared to a loss of USD 7.9 million in 2020. For further details on the Company's performance in 2021, Reference is made to the Company's consolidated annual accounts for 2021.

#### *Overview of the application of the remuneration guidelines in 2021*

Remuneration to senior executives consists of fixed and variable compensation. The fixed

compensation consists of a base salary and also includes insurance and pension schemes, car allowance, parking, newspaper and communications to the extent deemed appropriate. The fixed compensation will normally constitute the main part of the remuneration to senior executives.

The Company offers a defined contribution plan whereby pension contributions towards salary up to 12G are funded in a life insurance company. Contributions towards salary above 12G are funded by the Company and transferred to a separately administered scheme and pledged towards the participating employees. The plan complies with the requirements in the Mandatory Occupational Pension Act in Norway. The Company's senior executives are covered by this defined contribution plan. The Company does not have any other pension arrangements for senior executives.

The variable compensation consists of variable bonus. Bonus to senior executives shall be related to collective and individual goals, partly based on defined parameters (KPIs) and partly a discretionary evaluation of the Company's and employee's performance. Bonus payments shall reflect the values brought to the Company and its shareholders, as well as individual achievements. The potential bonus to the CEO is not limited, while the potential bonus to the CFO is limited to 12 months' salary. The Company's CEO and CFO has an agreement of 18- and 12-months severance payment respectively including a six month period of notice in case of involuntary resignation or by redundancy.

The Company has no current plans to offer senior executives warrants, options or other forms of remuneration related to shares or the development of the share price in the Company or other companies within the Awilco LNG Group. Issue of shares or granting of share-based payments to senior executives shall only take place upon the General Meeting's approval. This shall not prevent senior executives from taking part in equity issues on the same terms as other investors.

The remuneration of the members of the Board will consist of an annual fixed fee unless the general meeting of the Company decides otherwise. No member of the Board is entitled to any variable remuneration or any compensation upon termination of the membership of the Board.

The Remuneration Guidelines, adopted by the annual general meeting in 2021, can be found on the Company's website [www.awilcolng.no](http://www.awilcolng.no). The auditor's report regarding the Company's compliance with the Remuneration Guidelines is attached.

The Remuneration Guidelines, adopted by the general meeting 2021, have been fully implemented. No deviations from the Remuneration Guidelines have been decided and no derogations from the procedure for implementation of the Remuneration Guidelines have been made.

No remuneration has been reclaimed by the Company during the reported financial year.

### 3. Total remuneration of Senior Executives in the Company

Table 1 below sets out total remuneration, split by component, paid and due to each current or previous Senior Executive in the Company for the last financial year.

**Table 1 – Total remuneration of Senior Executives in the Company in 2021 (amounts in USD 1,000)**

2021 Remuneration						
	Salary (fixed)	Bonus (variable)	Pensions (fixed)	Other (fixed)	Total	Proporsion variable (%)
CEO Jon Skule Storheill	403	196	57	3	659	30%
CFO Per Heiberg *	198	48	28	2	276	17%
Prev. CFO Øyvind Ryssdal**	80	0	2	0	82	0%
<b>Total</b>	<b>681</b>	<b>244</b>	<b>87</b>	<b>5</b>	<b>1,017</b>	<b>24%</b>

\* From April 6, 2021

\*\* Up until January 31, 2021

### 4. Compliance with the remuneration guidelines and application of performance criteria

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company can recruit and retain qualified personnel. The Company must therefore offer a competitive total remuneration, and the Company's Remuneration Guidelines enable the Company to offer Senior Executives such competitive total remuneration. Under the Remuneration Guidelines of the Company, remuneration of Senior Executives shall be a fixed and variable compensation and may consist of the following components: base salary, insurance, pension, car allowance, parking, newspaper and communication to the extent deemed appropriate.

The performance measures for the Senior Executive's variable remuneration for 2021 have been selected to promote the Company's strategy and to encourage behaviour which is in the long-term interest of the Company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2021 have been taken into account. In accordance with the Remuneration Guidelines, the variable remuneration for 2021 has been determined by the achievement of key performance indicators (KPIs) and goals at both individual and company level. The Senior Executives of the Company have, both individually and as a group, been given the opportunity to influence the attainment of the KPI's and the goals which have formed the basis for the assessment of the variable remuneration in 2021.

In accordance with the Remuneration Guidelines, the Company has paid out bonuses for the reported financial year pursuant to a bonus scheme for Senior Executives which is based on the Company's financial and operational results as well as the individual Senior Executive's personal goals.

### 5. Remuneration to the board of directors

This section describes the remuneration received by the Company's board members in their capacity as board members of the Company, i.e. it does not include remuneration employee elected board members have received in their capacity as employees.

The proposal for remuneration of the board of directors is, pursuant to the Company's articles of association, prepared by the Company's nomination committee. The remuneration for the Company's board members is then resolved by the Company's general meeting.

Below is a specification of remuneration to the board of directors (amounts in USD 1,000)

#### 2021 Remuneration

	Director's fee	Audit committee fee	Remuneration committee fee	Total
Synne Syrrist	41	6	6	52
Annette Malm Justad	23			23
Jens-Julius Nygaard	23		3	26
Jon-Aksel Torgersen	23	3	3	29
Steve Christy *	12			12
<b>Total compensation for the period</b>	<b>122</b>	<b>9</b>	<b>12</b>	<b>142</b>

\* Elected at Annual General Meeting on June 1. 2021

## 6. Comparative information on the change of remuneration and company performance

Annual change	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2021
Executives remuneration						
CEO Jon Skule Storheill	21%	3%	-18%	-3%	49%	659
CFO Per Heiberg *	N/A	N/A	N/A	N/A	27%	276
Prev. CFO Øyvind Ryssdal**	-30%	25%	-18%	31%	N/A	82

\* From April 6, 2021. Compared with previous CFO for 2020

\*\* Up until January 31, 2021, started in 2017 and first comparison is with previous CFO

Annual change	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2021
Directors remuneration						
Synne Syrrist *	0%	0%	-7%	71%	9%	52
Annette Malm Justad	0%	0%	-8%	-3%	9%	23
Jon-Aksel Torgersen	0%	0%	-7%	-5%	9%	29
Jens-Julius Nygaard **	N/A	N/A	N/A	N/A	23%	26
Steve Christy ***	N/A	N/A	N/A	N/A	N/A	12

\* Elected as Chairman at Annual General Meeting in 2020

\*\* Elected at Annual General Meeting in 2020

\*\*\* Elected at Annual General Meeting in 2021

Company's performance	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2021
Net Profit (change in MUSD)*	-9.0	20.4	3.2	0.4	29.0	21.1

\* Change presented in value instead of percent as Net profit vary between positive and negative

#### Average remuneration on full-time equivalent basis of employees

	2017	2018	2019	2020	2021
Average per full-time employee (1000 USD)	131	183	176	141	204

The calculation include salary, bonus, pension and other benefits for all employees in the Group, excluding leading persons

Oslo, April 29, 2022

Board of Directors, Awilco LNG ASA

## INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of Awilco Lng ASA

### Opinion

We have performed an assurance engagement to obtain reasonable assurance that Awilco Lng ASA's 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 in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of 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, 29 April 2022  
ERNST & YOUNG AS

*The auditor's assurance report is signed electronically*

Johan Lid Nordby  
State Authorised Public Accountant (Norway)