

# **GUIDELINES FOR SALARY AND OTHER REMUNERATION TO LEADING PERSONNEL IN CLODBERRY CLEAN ENERGY ASA**

## **1. BACKGROUND AND PURPOSE**

These guidelines ("**Guidelines**") shall govern salary and other remuneration to leading personnel in Cloudberry Clean Energy ASA (the "**Company**"). The Guidelines have been prepared by the Board of Directors and was approved at the extraordinary General Meeting held 17 June 2021. The Guidelines are applicable to remuneration accrued from 1 January 2021.

The Guidelines have been prepared in accordance with Section 6-16a, of the Public Limited Companies Act, with applicable regulations on guidelines and reporting of remuneration for leading personnel.

By remuneration means all consideration received by an individual, including fixed salary, performance-based pay and other benefits.

Remuneration to leading personnel is vital for the alignment of the interests of the shareholders and the interest of the leading personnel. The main purpose of these Guidelines is to allow shareholders to influence the parameters determining salary and other kinds of remuneration, to create a culture for remuneration that promotes the Company's long-term interests and strategy and the Company's financial sustainability, while at the same time ensuring the shareholders' influence.

The Guidelines are designed to attract, retain and motivate the Company's leading personnel. The Guidelines have been designed to align the interest of the leading personnel with those of the shareholders.

## **2. THE COMPANY'S LEADING PERSONNEL**

The Company's leading personnel include:

- Members of the group management;
- Members of the Board of Directors elected by the shareholders; and
- Other employees that potentially are members of the Board of Directors.

## **3. REMUNERATION TO THE GROUP MANAGEMENT**

### **3.1 The main principles for remuneration to the group management**

Remuneration to the group management is a key instrument for harmonizing the interest of the group management and the interests of the Company and the Company's shareholders. The shareholders have been given influence over the remuneration of the group management by approval and publication of these Guidelines.

### **3.2 The decision making process**

The Board of Directors is responsible for the forms of remuneration of the group management.

The Company shall have a Compensation Committee which consists of two or three members elected from the members of the Board. The committee, which is a sub-committee of the Board recommends, prepares and evaluates the compensation of leading personnel. The Committee shall propose guidelines for determination of salary and other remuneration which shall be approved by the Board of Directors.

The Compensation Committee shall in accordance with separate guidelines among other things:

- Prepare matters and make a recommendation to the Board of the Directors regarding the compensation of and other matters relating to the Company's leading personnel.
- Recommend guidelines for compensation and employment conditions for the Company's leading personnel, to be approved by the Board of Directors. The Guidelines shall cover:
  - details on the relationship between fixed salary and variable remunerating and the relation between performance and compensation,
  - the main conditions for bonus- and incentive programs,
  - the main conditions for non-financial benefits, pension, termination and severance pay; and
  - which positions that are considered to be leading personnel.

The Compensation Committee shall in their recommendations to the Board of Directors ensure that remuneration of leading personnel through equity incentive programs, bonus programs or similar variable remuneration, if adopted, is closely related to value creation of the shareholders and the Company's long-term performance. In accordance with the guidelines of the Compensation Committee, the payment of variable remuneration should be based on measurable parameters that the employees in question can influence.

### **3.3 Details on the compensation of the group management**

#### 3.3.1 Fixed remuneration

Fixed remuneration is utilized to attract, retain and motivate good leaders. Fixed remuneration contributes to long term value creation for the Company.

Leading personnel will receive a competitive fixed yearly salary based on the individual's responsibilities, level of expertise, experience and results. The amount of the yearly salary is determined to attract and retain leaders with professional and personal competences required to manage the Company. The salary will be evaluated on an annual basis and be determined *inter alia* based on the wage developments in similar companies and the society as such.

Internal board assignments and similar internal positions are not remunerated separately.

The Company does not operate with maximum wage levels.

#### 3.3.2 Variable remuneration

##### Performance-based pay

The Company has established a performance-based bonus plan. The plan is limited to four times gross monthly salary for leading personnel and six times gross monthly salary for the CEO.

The performance-based bonus plan shall stimulate the group management to work diligently to achieve the Company's strategic goals and reward good performance. The performance-based bonus plan also contributes to the Company's strategic goals, long term interests and financial sustainability by giving the Board of Directors a suitable tool for giving clear directions to the group management regarding

which goals the Company Board prioritizes. In addition, the plan also rewards the group management for their contributions leading to achievement of these prioritized goals.

The performance-based bonus plan is based on key performance indicators ("**KPIs**"), both on a Company level and on an individual level. The KPIs include both financial and non-financial parameters. The individual KPIs are individualized to fit the specific role and responsibility which the role has best prerequisites to affect. The purpose of this is to ensure that the individual members of the group management focus their effort where it can most effectively contribute to the achievement of the Company's goal. The entire group management has a common responsibility for the Company's financial performance.

The KPIs will consist of both general financial goals and individual quantifiable goals for each employee, which may be weighted differently for the different employees. The KPIs will, if appropriate, include parameters related to the Company's corporate social responsibility and environmental impact.

Achievement of the goals is evaluated at the end of each fiscal year and a potential bonus is paid as an annual remuneration. It is the Board of Directors that will determine the level of achievement based on a recommendation from the Compensation Committee and the CEO (except for the CEO's own goal achievement).

The Company does not have a separate legal basis to claw back bonuses that are already paid.

The Board of Directors approve the structure of the performance-based remuneration based on a recommendation from the Compensation Committee. The Board of Directors may, on an annual basis, make changes in the plan in order to best secure the Company's interests.

#### Equity incentive program for leading personnel

The General Meeting of the Company has resolved that the Company shall have an equity incentive program which include, among others, the group management. Pursuant to the resolution by the General Meeting the equity incentive program may cover up to 5% of the issued shares in the Company from time to time.

The purpose of the equity incentive program is to align the Company's and shareholders' interests and give the Company's employees an additional incentive to contribute to the Company's long-term success. The equity incentive program will also contribute to retaining employees in the Company.

The equity incentive program is based on annual allocations which is determined by the Board of Directors and approved by the General Meeting in the form of warrants issued to the participants of the program.

The exercise price for the warrants is determined by the Board of Directors based on fair market value of the Shares on the date of allocation. Normally the warrants vest over a period of three years, with 1/3 each year after the allocation. The Board may however deviate from this if the Board finds it appropriate.

Upon termination by the employee, the starting point is that the warrants will be cancelled, except for vested options which can be exercised for a limited time period.

#### 3.3.3 Pension plans

Leading personnel are members of a regular pension- and insurance plans and subject to the same conditions as the rest of the Company's employees.

No leading personnel are entitled to any early retirement scheme.

#### 3.3.4 Payment in kind

Leading personnel may receive other benefits which are common for similar positions in the industry, such as *inter alia*, free phone and cell phone plan, broadband subscription, newspapers and car allowance.

Leading personnel is also included in the Company's collective life- and health insurance plan for all employees. Further, leading personnel are covered by the Company's D&O insurance.

The Company does not operate with maximum levels in relation to benefits in kind. The level of the benefits will be set based on prevailing market practice and individual circumstances.

#### 3.3.5 Payments after contract termination

The CEO has relinquished his right to employment protection against severance pay for 12 months after the termination period. No other members of the group management has a right to severance after contract termination.

The members of the group management has a six months' notice period.

## 4. REMUNERATION TO THE BOARD OF DIRECTORS

### 4.1 The main principles for remuneration to the Board of Directors

In accordance with the Nomination Committee's guidelines the compensation to the Board of Directors shall reflect the Board's responsibilities, competence, work load and complexity of the tasks. When determining the amount of remuneration a natural starting point will be to look at the amount of remuneration received by board members in other similar companies.

The chairperson of the Board shall be remunerated separately.

### 4.2 The decision making process

The General Meeting has appointed a separate Nomination Committee consisting of one chairperson and two members. The Nomination Committee shall recommend remuneration for the Board of Directors, which is subject to approval by the General Meeting.

The Nomination Committee shall follow the Norwegian code of practice for corporate governance.

### 4.3 Details on the compensation of the Board of Directors

The Board of Directors will receive a fixed remuneration for their positions.

Board members which also are members of the sub-committees of the Board will in addition receive separate remunerations for this. Remuneration for positions in the Audit Committee, the Compensation Committee and the ESG-Committee is fixed annual amount.

The Company has also introduced a share purchase program for the Board members. According to the program the Board members shall use 30% of the fixed gross remuneration (prior to tax) per year to acquire shares in the Company, until the value of the shares of each individual member reaches a threshold of two years of board remuneration. The Board members shall after the threshold of two years board remuneration has been achieved, be offered to use up to 30% of the gross board remuneration

(prior to tax) to acquire shares. The shares that are acquired pursuant to the program will be subject to a three-year lock-up and will be offered at a subscription price which is 15% below the prevailing market price. The program is personal for each member of the Board and the ownership of the shares must maintain under the control of the board member at all times.

The purpose of the share purchase program is to ensure a close alignment of interest between the members of the Board of Directors and the Company's shareholders.

## **5. THE CONSIDERATION OF THE REMUNERATION ARRANGEMENTS FOR OTHER EMPLOYEES IN THE PREPARATION OF THE GUIDELINES**

When preparing these Guidelines, the remuneration arrangements for the other employees of the Company has been taken into consideration.

Similarly, to the leading personnel, the remuneration for other employees are based on responsibility, competency, experience and results. Further, the fixed salary is determined annually on the basis of the general wage developments in similar companies and the society as such.

Other employees may also be invited in the Company's equity incentive plan.

For other benefits, the leading personnel are covered by the same arrangement that are available to other employees.

## **6. THE ANNUAL REMUNERATION REPORT**

The Board of Directors shall ensure that a remuneration report is prepared on an annual basis in accordance with Section 6-16b of the Public Limited Companies Act. The report shall give an overview over paid and accrued salary and remuneration which are covered by these Guidelines. Before the report is approved by the General Meeting the auditor shall review that the report includes all information required by Section 6-16b of the Public Limited Companies Act. The General Meeting shall hold an advisory vote over the remuneration report. The remuneration report will be presented to the General Meeting for the first time in 2022.

The remuneration report shall be published and be available at the Company's website without undue delay after the General Meeting has been held. The remuneration report shall be available for a period of ten years.

## **7. DEVIATION FROM AND CHANGES TO THE GUIDELINES**

In case of changes to the Guidelines, significant changes shall be described and explained detailed in the Guidelines. The Guidelines shall also specify and explain how the shareholders view on the Guidelines, the voting result of the General Meeting and the remuneration report since the last vote over the Guidelines has been considered.

The Guidelines shall be evaluated by the General Meeting at least every fourth year.

The Board of Director may under exceptional circumstances temporarily deviate from the Guidelines for the group management if exceptional circumstances arise which make deviation necessary in order to ensure the Company's long-term interests. The decision to deviate from the Guidelines must be documented in the minutes from the board meeting and require a separate description of the rationale for the deviation. The deviation must also be specifically described in the remuneration report for the relevant year. Deviations that are not temporary must be included in a revised version of the Guidelines and be put forward to the General Meeting for approval.

## **8. PUBLICATION**

The Guidelines shall be dated on the day when they were approved by the General Meeting and shall be available on the Company's website together with the result of the vote for a period of ten years.