

## Report on salary and other remuneration to leading personnel in Odfjell SE for the financial year 2021

### 1 INTRODUCTION

#### 1.1 Background

This report on salary and other remuneration to leading personnel in Odfjell SE (the "**Company**" or together with its subsidiaries, the "**Group**") is based on the guidelines concerning stipulation of pay and other remuneration of executive personnel in the Group approved by the Company's general meeting on May 5, 2021 (the "**Guidelines**").

The report is based on the requirements set out in the Norwegian Public Limited Liability Companies Act (the "**Companies Act**"), cf. Section 6-16 b, supplemented by Regulation on guidelines and report on remuneration for leading personnel dated 11 December 2020 (the "**Regulation**"). The report is prepared in accordance with the European Commission's template for reports on remuneration.<sup>1</sup>

#### 1.2 General overview of the financial year 2021

##### 1.2.1 Highlights summary

While the net result in 2021 ended with negative USD 33 million, total pay-out under the incentive schemes to leading personnel in 2021 and 2020, as noted below, reflected that Odfjell Tankers reported its strongest results since 2016 in 2020, in addition to continued improved results from Odfjell Terminals.

Key elements regarding remuneration for 2021:

- Base salary was adjusted for executive management as part of the annual salary review for 2021, and as per established process approved by the Board following considerations in the Remuneration Committee.
- An award was granted in 2021 under the Long-Term Incentive Plan in accordance with performance on established KPIs and following Board approval.
- Depending on performance the Short-Term Incentive (STI) for 2020 would typically be paid out in 2021 and included herein. Performance of the Short-Term Incentive (STI) Plan for 2020 did result in an incentive pay-out. It was, however, paid out early in December 2020 to all eligible employees including executive management, and subsequently no STI was paid out in 2021. The early STI pay-out followed consideration by the Remuneration Committee and Board approval.
- There were no major events in the Group's business environment that affected the remuneration of executive personnel and no changes in the composition of executive personnel.

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<sup>1</sup> [https://ec.europa.eu/info/sites/info/files/rrg\\_draft\\_21012019.pdf](https://ec.europa.eu/info/sites/info/files/rrg_draft_21012019.pdf)



## 1.2.2 The Group's performance in 2021

2021 was another unpredictable year with global supply chain issues and other Covid-19 related challenges affecting the industry. The results from our chemical tankers were also negatively impacted by supply chain disruptions in the US, while we saw stable occupancy and healthy activity levels at our terminals. The board is disappointed with the financial results, but recognize that we continue to operate well despite the challenging environment, and that we also are ahead of our ambitious plan to reduce emissions.

## 2 REMUNERATION TO LEADING PERSONNEL IN 2021

### 2.1 Total remuneration to leading personnel

Table 1 below contains the total remuneration split by each salary component received by the Company's leading personnel for the financial year 2021.

Table 1 - Total remuneration split out by component (in NOK)									
Name and position	Fixed remuneration			Variable remuneration		Extraordinary items	Pension expense	Total remuneration	Proportion of variable remuneration ***
	Base salary	Fees	Benefits*	One-year variable**	Multi-year variable				
Kristian V. Mørch CEO	7 182 000	-	262 860	-	2 936 062	-	135 701	10 516 623	28 %
Terje Iversen CFO	2 454 000	-	208 932	-	656 419	-	135 470	3 454 821	19 %
Harald Fotland COO	3 062 500	-	218 556	-	790 003	-	136 670	4 207 729	19 %
Øistein H. Jensen CSO	1 938 000	-	202 800	-	518 332	-	133 427	2 792 559	19 %

Item	Comment
* Benefits	Encompasses car allowance, personnel insurance, mobile phone and broadband coverage, additional 16% pension scheme paid to secured bank account for salary over 12G, capped at 18G. 1G=106 399 kr - last adjusted in May 1, 2021.
** One-year variable	Short-Term Incentive (STI) for 2020 was paid out in December 2020.
*** Proportion of variable remuneration	Short-Term Incentive (STI) not paid out in 2021. Had the 2020 STI been paid in 2021 rather than in 2020, the proportion of variable remuneration would have been respectively 52%, 44%, 43% and 43%.
Other	Other: The Management Group together with key executive management in Odfjell Terminals also participate in a Transaction Bonus Plan financed by Odfjell SE's joint venture partner Lindsay Goldberg (LG) in connection with LG's ongoing exit from Odfjell Terminals. During 2021, the Management Group received a transaction bonus from LG in relation to the exit/sales process, at a total value of NOK 1.1 million. The transaction bonus is not included in the table above.

### 2.2 Share-based remuneration to leading personnel

The Company does not have any share-based remuneration programs.

### 2.3 Use of the right to reclaim variable remuneration

The guideline for executive remuneration has no specification of the possibility of reclaiming variable remuneration from leading personnel which have received or has outstanding such remuneration.



### 3 COMPLIANCE WITH THE GUIDELINES

#### 3.1 Information on how the remuneration complies with the Guidelines

Odfjell SE is a leading International Company within the chemical tanker and storage industry. To maintain and strengthen its market position, and to reach the objectives the Board of directors have set for the Company, Odfjell SE is dependent on recruiting and retaining highly competent employees, leaders included. The Company must therefore grant competitive compensation to its leading employees. The 2021 remuneration has complied with the Guidelines and through fixed and variable compensation elements and a competitive benefit package this has contributed to the long-term interests and sustainability of the Company.

#### 3.2 Information on how performance criteria were applied

##### **Performance criteria for Short-Term Incentive Plan (one-year variable)**

The Board has approved a Short-Term performance related incentive scheme for all onshore shipping employees which is linked to the Company's earnings performance and defined operational goals over time and contains a cap of maximum six months' salary for executive management.

Performance of the Short-Term Incentive (STI) Plan for 2020 was 67,3% for Corporate, which is the applicable job area for executive management. STI performance is based on general financial KPIs and operational/safety KPIs for Ship Management, Tankers and Terminals. To calculate the score for the Corporate functions including Executive Management, each of these three areas (Ship Management, Tankers and Terminals) are weighted by 1/3. An exception was made and the STI for 2020 was paid out early, in December 2020. Subsequently no STI was paid out in 2021.

##### **Performance criteria for Long-Term Incentive Plan (multi-year variable)**

The Annual General Meeting approved a new Long-Term Incentive Plan (LTI) / Performance Restricted Share on 9 May 2016. The total number of Restricted Shares (RS) available for awards under the Plan shall annually be distributed with a three-year restriction period in accordance with the rules of the Plan.

The Participants may receive an awarded cash amount up to 50% of annual base salary for the CEO and up to 33% of annual base salary for the other participants of the executive management, where the awarded amount less withholding tax shall be used to purchase RS in Odfjell.

The number of awarded RS depends on the achievement of certain Key Performance Indicators (KPIs). These KPIs have been derived from strategic goals and consist of:

- Share Price development,
- Return on Capital Employed (ROCE) and
- a discretionary element to be assessed by the Board at year end

The KPI performance for 2020, approved by the board, and paid in 2021 on the Long-Term Incentive Plan (LTI) was 95.833%.



### 3.3 Information on derogations and deviations from the Guidelines and from the procedure for their implementation

The Guidelines were approved by the Company's general meeting on May 5, 2021 and as of the date of this report no changes to the Guidelines have been proposed.

## 4 COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND GROUP PERFORMANCE

Table 2 below contains information on the annual change of remuneration for leading personnel on an individual basis, the performance of the Group and average annual change of remuneration on a full-time equivalent basis for onshore employees of the Company and onshore Shipping globally other than leading personnel over the last five financial years.

Table 2 - Comparative table over the remuneration and Group performance over the last five financial years										
Annual % change of remuneration in NOK	2017 vs 2016		2018 vs 2017		2019 vs 2018		2020 vs 2019		2021 vs 2020	
Leading personnel's remuneration	Fixed salary	Total remuneration	Fixed salary	Total remuneration	Fixed salary	Total remuneration	Fixed salary	Total remuneration	Fixed salary	Total remuneration
Kristian V. Mørch - CEO	5,0%	90,0%	2,0%	-29,2%	2,2%	-11,5%	5,5%	46,3%	2,6%	-14,6%
Harald Fottland - COO	9,4%	50,0%	3,0%	-27,1%	2,2%	-14,4%	2,6%	39,3%	7,0%	-0,4%
Terje Iversen - CFO	7,7%	52,2%	2,5%	-28,6%	4,0%	-14,4%	2,6%	41,2%	2,0%	-3,9%
Øistein Jensen - CSO	2,8%	57,5%	10,0%	-16,3%	4,0%	-16,1%	5,4%	48,3%	2,0%	-3,8%
Average change of fixed remuneration on a full-time equivalent basis of employees	2017 vs 2016		2018 vs 2017		2019 vs 2018		2020 vs 2019		2021 vs 2020	
Employees of the Company - Odfjell Management AS	3,6%		3,1%		2,5%		2,7%		2,3%	
Employees of the Shipping globally	3,7%		3,6%		3,2%		2,8%		2,6%	
Group performance	2017		2018		2019		2020		2021	
EBIT (USD mill)	144		-131		50		115		47	
Net result (USD mill)	91		-211		-37		28		-33	
ROCE (%)	8,8 %		-8,1 %		2,8 %		6,1 %		2,4 %	
Share price (NOK)	31,9		29,5		26,5		27,3		33,6	
LTIF shipping and corporate	0,23		0,4		0,89		0,21		0	
Annual Efficiency Ratio (AER) controlled fleet	9,44		8,94		8,75		8,29		8,03	

## 5 INFORMATION ON SHAREHOLDER VOTE

Pursuant to the Companies Act Section 6-16 b (3), this report shall include an explanation on how the result of the general meeting's advisory vote over the report on salary and other remuneration to leading personnel for the previous year has been regarded. However, as the Guidelines was approved by the general meeting on May 5. 2021 and no report was prepared for 2020, cf. Section 7 (2) of the Regulation, this requirement is not relevant.