



Report on salary and other remuneration to leading personnel in Odfjell SE for the financial year 2022

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.¹

1.2 General overview of the financial year 2022

1.2.1 Highlights summary

The net result in 2022 ended with a solid result of USD 142 million for the Group. The total earned/payable short-term and long-term incentive schemes to leading personnel in 2022, as noted below, reflects the strong Company performance in 2022. Key elements regarding remuneration for 2022:

- Base salary was adjusted for Executive Management as part of the annual salary review for 2022, and as per established process approved by the Board following considerations in the Remuneration Committee.
- Management earned an award in 2022 under the Long-Term Incentive (LTI) Plan in accordance with performance on established KPIs and following Board review and approval, this award was paid in Q1 2023. The LTI award earned in 2021 and paid in 2022 is captured in Table 1 notes.
- Employees earned awards under the Short-Term Incentive (STI) Plan in 2022 that were paid in Q1 2023 following Board review and approval. The STI earned in 2021 and paid in 2022 is captured in Table 1 notes.

¹ https://ec.europa.eu/info/sites/info/files/rrg_draft_21012019.pdf



- Due to the very strong financial performance in 2022, the Board granted an extraordinary holiday recognition payment to all employees. This was paid in December of 2022 and is included in this report. There were no major events in the Group's business environment that negatively affected the remuneration of Executive Management.
- There were several changes to the composition of leading personnel. The former COO succeeded the outgoing CEO. The COO role was discontinued, and three additional positions from the management team were formally included in the Executive Management.

1.2.2 The Group's performance in 2022

This past year we have seen a solid return from years of hard work to improve cost, efficiency, and quality. The organization has continued to operate safely and efficiently in another challenging year. The Board is pleased with the financial results as well as the high performance of other key KPIs, related to operations, safety and sustainability, where we continue to perform ahead of our industry-leading plan to reduce emissions.



2 REMUNERATION TO LEADING PERSONNEL IN 2022

2.1 Total remuneration to leading personnel

Table 1 below contains the total remuneration split by each salary component paid and payable to the Company's leading personnel for the financial year 2022 that relates to their position as part of Executive Management.

Table 1

Total remuneration split out by component 2022 in NOK

Table 1 - Total remuneration split out by component (in NOK)									
Name and position	Fixed remuneration			Variable remuneration ³		Extraordinary items ⁴	Pension expenses ⁵	Total remuneration	Proportion of variable remuneration
	Base salary	Fees	Benefits ²	One-year variable	Multi-year variable				
Kristian V. Mørch CEO until 05.05.2022, available until 31.12.2022	7,346,476	-	125,528	0	0	3,007,293	104,177	10,583,474	0%
Harald Fotland COO until assuming CEO role on 06.05.2022	4,341,525	-	226,011	2,275,000	2,600,000	386,905	254,611	10,084,052	48%
Terje Iversen CFO	2,550,413	-	214,495	1,103,687	832,495	187,702	257,495	5,146,287	38%
Øistein H. Jensen CSO	2,014,140	-	207,956	871,616	657,447	148,234	247,455	4,146,848	37%
Adrian Lenning' Managing Director Terminals, from 01.12.2022	195,000	-	16,677	85,313	64,350	174,107	20,238	555,685	27%
Bjørn Hammer' CCO, from 01.12.2022	223,064	-	16,677	96,214	72,573	196,356	20,238	625,122	27%
Torger Trige' CTO, from 01.12.2022	167,135	-	16,677	70,802	53,405	144,494	20,238	472,751	26%



Item	Comment
¹ Appointed 01.12.2022	Odfjell SE announced in December of 2022 that the Company appointed three additional members to its Executive Management. All three previously held positions as Global Heads within their respective areas of responsibility. The compensation presented above relates to their Executive Management positions.
² Benefits	Encompasses car allowance, personnel insurance, mobile phone and broadband coverage.
³ Variable remuneration	<p>One-year variable: Short-Term Incentive (STI) earned in 2022 was paid out in February 2023. The earned 2022 STI is reported above. This is a change in methodology since the remuneration report for 2021. Short-Term Incentive (STI) for 2021 was paid out in February 2022 and amounted to the following: Kristian V. Mørch: NOK 1.218.375 Harald Fotland: NOK 519.531 Terje Iversen: NOK 416.304 Øistein Jensen: NOK 328.768</p> <p>Multi-year variable: Long-Term Incentive (LTI) earned in 2022 was rewarded in March of 2023. The earned 2022 LTI is reported above. This is a change in methodology since the remuneration report for 2021, where paid, not earned was reported. Long-Term Incentive (LTI) earned for 2021 was rewarded in March 2022 and amounted to the following: Kristian V. Mørch: NOK 1.587.725 Harald Fotland: NOK 446.838 Terje Iversen: NOK 358.054 Øistein Jensen: NOK 282.063</p>
⁴ Extraordinary items	For K.V. Mørch: Settlement of 2022 exit: Holiday pay and Bonus paid out in January 2023 and Pension Savings paid in 2022. For others, the extraordinary item is related to extraordinary recognition payment in December 2022.
⁵ Pension expenses	Collective pension DNB and Storebrand Asset Management Pension scheme which is 16% for salary over 12G, capped at 18G. 1G=111 477 kr - last adjusted in May 1. 2022.
Other	Other: The previous 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 exit from Odfjell Terminals. During 2022, the eligible managers received a transaction bonus from LG in relation to the exit/sales process, at a total value of NOK 1.7 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

Related to the LTI plan described in this report, the Board or Committee is entitled to claim reimbursement to the Company of RS's awarded to the Participant if during a term of three years following the Award,; (a) the Award was granted upon achievement of financial or other financial results there were subsequently restated or corrected, and (b) the Participant from whom such reimbursement is sought, engaged in misconduct or fraud that caused or partially caused the restatement or correction, and (c) a lower Award would have been calculated for the Participant upon restated or corrected results.

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 has 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 2022 remuneration is in compliance with the Guidelines and a total rewards package including fixed and variable compensation elements as well as competitive benefits, 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 as well as to the Company's earnings performance as well as to the Company's performance on other key performance indicators related to safety, operations, and sustainability. The scheme contains a cap of a maximum of six months' salary for Executive Management.

Performance of the Short-Term Incentive (STI) Plan for 2022 was 98% (vs. 38,0% for 2021) for Corporate, which is the applicable job area for Executive Management. STI performance is based on general financial KPIs and operational KPIs for Ship Management, Tankers and Terminals. Starting in 2022, sustainability has been included as a KPI. To calculate the score for the Executive Management, the KPIs for Ship Management, Tankers and Terminals are each weighted equally.

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

The Annual General Meeting approved a 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 amount up to 50% of annual base salary for the CEO and up to 33% of annual base salary for the other participants of 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 2022 on the Long-Term Incentive Plan was 100%, (vs. 50% for 2021).

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.



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 all other onshore employees of the Company and onshore Shipping globally, 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	2018 vs 2017		2019 vs 2018		2020 vs 2019		2021 vs 2020		2022 vs 2021	
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 until 05.05.2022	2.0%	-29.2%	2.2%	-11.5%	5.5%	46.3%	2.6%	-14.6%	2,3%	0.6%
Harald Fotland - COO until assuming CEO role 06.05.2022	3.0%	-27.1%	2.2%	-14.4%	2.6%	39.3%	7.0%	-0.4%	41.8%	139.7%
Terje Iversen - CFO	2.5%	-28.6%	4.0%	-14.4%	2.6%	41.2%	2.0%	-3.9%	5.3%	49.9%
Øistein Jensen - CSO	10.0%	-16.3%	4.0%	-16.1%	5.4%	48.3%	2.0%	-3.8%	3.9%	48.5%
Average change of fixed remuneration on a full-time equivalent basis of employees	2018 vs 2017		2019 vs 2018		2020 vs 2019		2021 vs 2020		2022 vs 2021	
Employees of the Company - Odfjell Management AS	3.1%		2.5%		2.7%		2.6% *		3.1%	
Employees of the Shipping globally	3.6%		3.2%		2.8%		2.3% *		2,9%	
*corrected from 2021 report										
Group performance	2018		2019		2020		2021		2022	
EBIT (USD mill)	-131		50		115		47		224	
Net result (USD mill)	-211		-37		28		-33		142	
ROCE (%)	-8.10%		2.80%		6.10%		2.40%		11.80%	
Share price (NOK) (A-share)	29.5		26.5		27.3		33.6		89	
LTIF shipping and corporate	0.4		0.89		0.21		0		0.45	
Annual Efficiency Ratio (AER) controlled fleet	8.94		8.75		8.29		8.03		7.59	

USD / NOK exchange rate

9.6 total monthly average

Odfjell SE announced in December of 2022 that the Company appointed three additional members to its Executive Management. All three previously held positions as Global Heads within their respective areas of responsibility. Please see Table 1. As there is no historical data, they are not included in the historical comparative overview.



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. At the annual general meeting held on 5 May 2022, 100% of the advisory votes supported the Board's report on salary and other remuneration to leading personnel.