

Remuneration Policy



Remuneration Policy For Executive Management of Vår Energi ASA approved at the Annual General Meeting 2023

1 Introduction

This remuneration policy (the "**Policy**") has been established in accordance with the Norwegian Public Limited Liability Companies Act (the "**Companies Act**") Section 6-16a and related regulations for remuneration to the Executive Management of Vår Energi ASA ("**Vår Energi**" or the "**Company**"). Subject to approval of the annual general meeting (the "**AGM**") in 2023, this Policy replaces the "Guidelines for remuneration of Executive Management" approved at the AGM on 4 May 2022.

The Policy will apply to the Chief Executive Officer (the "**CEO**") and other members of the Executive Management who report directly to the CEO.

2 Purpose and remuneration principles

The overall purpose of the Policy is to strengthen Vår Energi's ability to successfully deliver on its objectives by contributing to the Company's business strategy, long-term interests and the financial sustainability.

The principles underpinning Vår Energi's approach to executive remuneration are:

- Alignment with Vår Energi's strategy: the Executive Management's compensation should be strongly linked to goals that are set as indicators for the execution of Vår Energi's business strategy;
- Pay for performance: the Executive Management's compensation (excluding benefits) should be linked to Vår Energi's performance through remuneration instruments;
- How and what: the Executive Management's compensation should be based on achievements related to the executive's goal plan which includes goals on both how to deliver and what to deliver;
- Competitiveness: remuneration levels should be determined by reference against the Norwegian oil and gas upstream market and general industry companies of comparable size and/or complexity;
- Long-term creation of shareholder value: Executive Management should align their interests with the interests of shareholders by holding shares in Vår Energi;
- Consistency: the remuneration structure for Executive Management should generally be consistent with the remuneration structure for other employees in Vår Energi with the caveat that certain incentives might have limited distribution due to market conditions;
- Compliance: decisions should be made in accordance with delegated authority in Vår Energi and in the context of the Code of Ethics. Compliance with applicable laws and corporate governance principles should be ensured when policies and plans are designed and implemented;

- Risk assessment: the remuneration systems and levels should meet risk-assessment tests to ensure that shareholder's interests are safeguarded, and reputation issues are avoided.

Vår Energi's ambition is to become the leading energy company in Norway as far as safety, sustainability, value creation, and employee satisfaction are concerned. The Company has defined clear goals within the ESG¹ area. The remuneration plans for the Executive Management thus include criteria related to the Company's ESG agenda, including climate, environment, and social impact. Further details relating to goals and key performance indicators (the **'KPIs'**) are provided under section 3.2.3 *The goal plan* below.

To successfully implement the business strategy and safeguard the Company's long-term interests and the financial sustainability, the Company needs to be able to attract and retain executives with relevant experience, expertise and advanced leadership skills. This Policy and processes and control mechanisms set forth herein, seek to ensure that these goals are achieved through a successful execution of the operating plan in the short term and delivery of strategic goals and financial sustainability in the longer term.

3 Remuneration

The remuneration includes all salary and benefits received by Executive Management, including fixed and variable remuneration, pension plans and other specific remuneration elements. The remuneration of members of the Executive Management reflects the responsibilities of each executive considering the characteristics of their positions. To ensure an independent weighting of the positions in the Executive Management team the Company uses an external consultancy for evaluation and classification of the roles.

3.1 Base salary

The base salary shall reflect the requirements for the position with regards to qualifications, responsibilities, complexity, and breadth and how this contributes to achieving the Company's goals. The base salary should normally be the main element in the executive's compensation and, as such, the element that best supports the Company's ability to attract and retain qualified leaders and thereby fulfilment of the Company's strategy and vision.

The base salaries of the members of the Executive Management are reviewed annually considering the development of the role, the executive's performance and general salary developments in the market. This review also considers the result of the annual salary negotiations between the Company and its employee organisations. As the base salary reflects responsibility and performance, they are individual and differentiated.

The Board determines the CEO's base salary. The base salary of other members of the Executive Management is determined by the CEO upon endorsement by the Remuneration Committee. The same applies when new members of the Executive Management are appointed.

3.2 Variable pay for Executives employed by Vår Energi ASA

3.2.1 Introduction

Performance-based variable remuneration helps to place the focus on goals that are important for the Company's strategic deliveries, profitability, and value creation both in short and long term. Vår Energi has two main variable pay plans: the Annual variable pay (the **'AVP'**) and the Long-term incentive (the **'LTI'**).

¹ Environmental, Social and Governance

3.2.2 Company performance modifier

Based on decision by the Board in 2022, Vår Energi has introduced a Total Shareholder Return (TSR) factor as a performance measure in its Performance management and remuneration system. This TSR factor is applied in the basis for Annual variable pay and in the LTI plan.

Vår Energi's total shareholder return (the "TSR") is compared to the TSR of a peer group consisting of 11 other companies within the oil and gas industry and the Company's relative position in the group is determined. A position of quartile 1 means that Vår Energi is amongst the top scoring quartile of peer companies. A position of quartile 4 means that Vår Energi is in the bottom performing quartile. By applying relative numbers, the effect of fluctuating oil and gas prices is to some degree reduced.

The Board based on analysis by the Remuneration Committee determines which companies are included in the peer group.

The Company performance modifier has a range of 0.5 - 1.5.

The Company performance modifier is introduced to establish a direct link between variable pay and the Company's performance. In addition, alignment of management's interests with those of the shareholders is an objective.

The Company performance modifier is a new, untested instrument in the Company's remuneration toolbox. As such, reservations are made that adjustments or modifications of the modifier might be needed in the duration period of this Policy. Any changes to the Company performance modifier concept will be decided by the Board and a description of a revised model will be included in the next remuneration policy and reported to the AGM.

3.2.3 The goal plan

The Board determines the annual goal plan for the CEO, including business goals, individual goals, key performance indicators and weighting of the goals. The goal plan encompasses the Company's Balanced scorecard (the "BS") and the CEO's individual goals including leadership development goals and plan. The CEO determines the goal plan for other members of the Executive Management upon endorsement by the Remuneration Committee.

Example goal categories

Bottom line metric	Total Shareholder Return
Main KPIs	HSE targets, Total shareholder return, production and production cost, project development and carbon dioxide intensity. Safest operator and leading within ESG ¹
Supporting KPIs - corporate strategic priorities	High performing organisation Partner of choice Operational excellence Robust portfolio Succession planning and talent development

¹ More detailed information on Vår Energi's ESG agenda including goals and KPIs can be found in the Company's Sustainability report through: [Publikasjoner - Vår Energi \(varenergi.no\)](https://publikasjoner.varenergi.no)

The Board assesses and determines the achievement of Company goals, while the achievement of business area goals is assessed and determined by the CEO. The Board makes a discretionary assessment and determination of the CEO's performance achievements and determines the CEO's remuneration under the AVP plan. For other members of the Executive Management the performance achievements are assessed and determined at the CEO's discretion. To the extent a Company goal is included in the goal plan of any of the CEO's direct reports, the Board's decision prevails for this goal achievement. The CEO determines the remuneration under the AVP plan upon endorsement by the Remuneration Committee.

3.2.4 The Annual Variable Pay (AVP) plan

The AVP plan is cash based with a qualifying period that follows the calendar year. The AVP plan consists of the following elements:

- Assessment of the goal plan which concludes with a performance percentage in the range of 0-100
- The performance percentage is applied in an annual variable pay chart for the actual plan and gives a bonus factor

- The bonus factor is multiplied with the Company performance modifier to determine the final annual variable pay percentage. The AVP is finally calculated in percent of the executive's base salary as of the qualifying year.

Example calculation for the CEO:

Performance percentage	Bonus factor	Company performance modifier	Annual variable pay percentage
Goal plan - assessed performance at target 50%	Annual variable pay chart 40%	Example 1.1 40% x 1.1= 44%	44%

The AVP matrix for the CEO is ranging from 0 - 80%. Performance at target gives a bonus factor of 40%. Maximum annual variable pay for the CEO is 120% including the effect of the Company performance modifier.

The AVP matrix for other members of the Executive Management is ranging from 0 - 50%. Performance at target gives a bonus factor of 25%. Maximum annual variable pay for Executive Management (other than the CEO) is 75%, including the effect of the Company performance modifier.

The maximum levels are only paid if all stretched goals are fully achieved and Vår Energi ends up with the best annual TSR in the peer group.

AVP is not included in the Executive's pensionable income.

3.2.5 The Long-term incentive (LTI) plan

Participation in the LTI plan is based on annual invitation. The LTI has limited distribution and is mainly a plan for Executive Management, business critical executives and key professionals.

The LTI is a share-based remuneration. The LTI consists of the following two components:

- A LTI factor ranging from 25 - 30%
- The Company performance modifier ranging from 0.5 - 1.5

For the CEO, the LTI factor is 30%. For other members of the Executive Management, the LTI factor is 25%. The annual LTI award (%) is determined by multiplying the LTI factor with the Company performance modifier for the previous year. The award per cent is applied to decide the annual award amount which is calculated in per cent of the Executive's base salary.

The maximum award including the effect of the Company modifier is 45% for the CEO and 37.5% for other Executives in the management team.

The participants in the plan are obliged to invest the award amount (net after deduction of tax) in shares issued by Vår Energi. The purchase of shares is arranged through a broker on behalf of the participants. The shares are placed in securities accounts (VPS) in the name of each individual member of the Executive Management. The

shares have a lock-in period of three years from the day the shares were placed in the individual's account.

If the participant leaves the Company or submits his/her notice before the expiry of the lock-in period, an amount equal to the gross grant must be refunded to the Company. Refund of tax must be sorted out with the tax authorities by the participant.

The LTI award is not included in the basis for vacation pay or pensionable income.

The investment in shares combined with shareholding requirements (c.f. 3.2.6 below) and the application of the Company performance modifier (c.f. 3.2.2 above) underpin the LTI plan's contribution to achieving the Company objectives including its business strategy, long-term interests and financial sustainability.

3.2.6 Shareholding

The Board believes that shareholding by Executive Management is an important way of ensuring that shareholders and the Executive Management share the same priorities. Executives' shareholding creates a balanced connection between individual wealth and Vår Energi's long-term performance. This is expected to support effective governance and an ownership mindset.

The CEO is expected to build up a shareholding of one time his/her base salary over five years from appointment. Other members of the Executive Management are expected to build up a shareholding of ½ (one half) of their base salary over the same period.

3.2.7 Repayment

The Company may demand repayment of variable remuneration which was paid based on facts that were self-evidently incorrect, if the Company paid the remuneration incorrectly or if calculation and payment of the remuneration was based on accounting errors that were not discovered until after the payment was made. The same applies if the Company reveals that the executive materially breached his/her obligations or violated the Company's Code of Ethics.

The Company's repayment claim is not affected by the fact that the executive has left the Company.

3.3 Pension plan

Vår Energi has a defined contribution pension plan that satisfies the statutory requirements in the Norwegian law on required occupational pension. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

The Company's pension deposit constitutes 7% of pensionable income per year up to 7.1 G, and 25.1% of pensionable income between 7.1 G and 12 G. In addition, Vår Energi has administratively established an arrangement granting a 15% deposit of salary above 12 G, which is paid with the monthly salary.

3.4 Benefits

The CEO and other members of the Executive Management usually receive work-related tools and benefits, including various benefits that apply to other employees. Executive Management is covered by Vår

Energi's personnel insurance scheme and the Company's travel- and health insurance schemes.

Vår Energi has made arrangement to provide two types of subsidised loans to local employees: mortgage and car loans.

Executive Management may participate in Vår Energi's share savings plan (the '**SSP**'). Under the SSP, all employees of Vår Energi are given the opportunity to invest up to 5% of their base salary in shares issued by Vår Energi. The shares purchased under the SSP program are subject to a two years (calendar years) lock-in period. After the two years period, the Company will match the number of shares invested by allocation of shares to the employees with the ratio 1:1.

3.5 Benefits upon termination

The members of the Executive Management are permanently employed. No employment is based on a pre-defined, fixed duration period.

The members of the Executive Management and the CEO have six months' notice period.

Upon termination of an employment relationship initiated by the Company, the members of the Executive Management are entitled to six months' severance pay. The CEO has according to his contract of employment 12 months' severance pay.

Remuneration or other income which the outgoing member of the Executive Management earns during the severance pay period is deducted from the severance pay.

If the contract of employment terminates because of a gross breach of duty or other material breach of the contract of employment, the right to severance pay will lapse. The right to severance pay will also lapse if the outgoing member of the Executive Management is entitled to disability benefit or retirement pension.

If a non-compete clause or other restriction on termination is enforced against a member of the Executive Management who leaves Vår Energi, he/she may be entitled to compensation in accordance with applicable law and/or agreement.

3.6 Remuneration in extraordinary circumstances

In extraordinary circumstances, members of the Executive Management, including the CEO, may be granted additional remuneration or remuneration that is not described above in this Policy. This will apply in ad-hoc situations where it is considered necessary for the Company to offer extraordinary remuneration as a one-off reward or for a limited time. This remuneration will typically be:

- Recognition for extraordinary work effort
- Compensation for a temporary expanded responsibility
- Sign-on bonus upon hiring
- Compensation for the loss of bonus or forfeited long-term incentives from a previous employer
- Retention of critical resources in special situations

Decisions on special remuneration are made by the Board if it concerns the CEO, and by the CEO if it concerns members of the Executive Management.

3.7 Employment on terms other than Norwegian terms

Members of the Executive Management employed in another company than Vår Energi ASA who are on international assignment agreement for the Company, may receive remuneration that deviates from the provisions in this Policy in terms of size, content and character. As far as appropriate, the remuneration must nevertheless be in accordance with the purpose and principles of the Policy, though considering local conditions and/or market practice and levels in the individual's employment country. Additional benefits may be offered to the executive on international assignment, such as, paid housing, insurance policies, school expenses for accompanying children, and paid home travel.

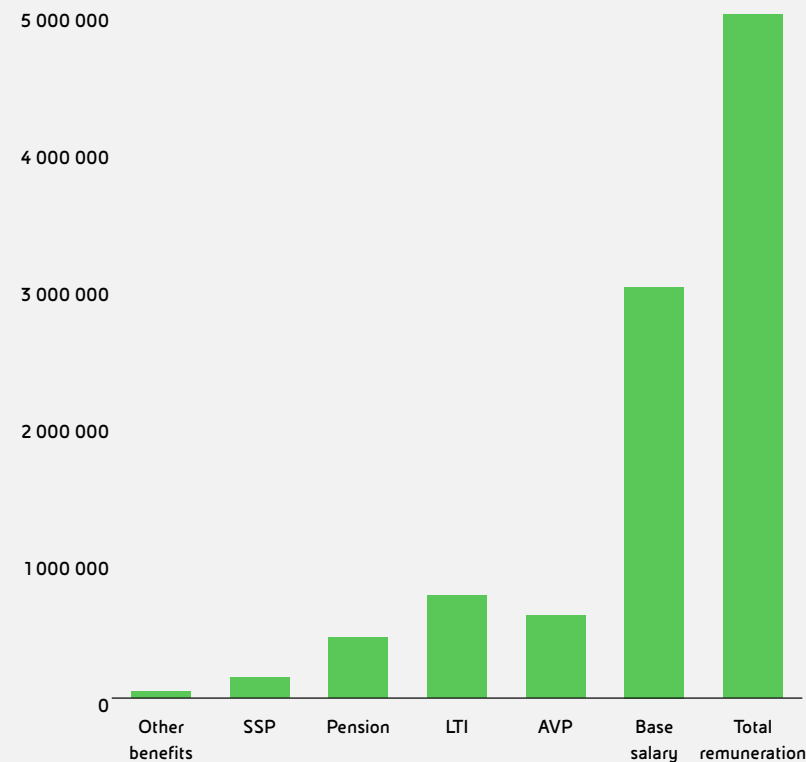
Decision on remuneration to executives on international assignment agreements into positions in the Executive Management team are made by the Board if it concerns the CEO, and by the CEO if it concerns other members of the Executive Management. Information on remuneration to such members of the Executive Management will be included in the annual remuneration report.

3.8 Total remuneration and remuneration component's proportional part

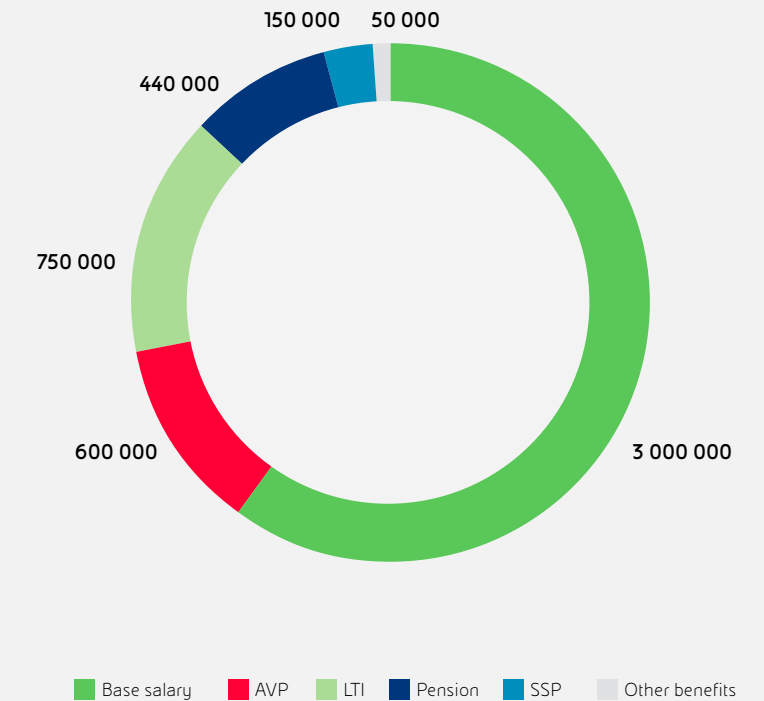
The tables below show an overview of the total remuneration for an executive in the Company's Executive Management. The starting point is a base salary of NOK 3 000 000. AVP is estimated for performance at target (i.e., 20% of the base salary) and the LTI award is set at 25% of the base salary. The Company performance modifier is assumed to be 1.0. The pension contribution is according to the Company's defined contribution pension plan and share savings participation is estimated at 5% of the base salary. Other benefits are estimated to be NOK 50 000.

This makes a total remuneration of NOK 4 990 000.

**Total remuneration (NOK)
Executive Vice President – Executive Management**



**Executive Vice President – Executive Management
Remuneration components' proportional part**



4 How remuneration and terms of employment for the Company's employees are taken into consideration in designing the Policy

The remuneration for Vår Energi's Executive Management, as described in this Policy, is evaluated against the Company's general remuneration provisions for other employees of the Company. A comparison is shown in the table below:

Remuneration / Terms of employment	General principles for employees in the Company	Members of the Executive Management - in accordance with the Policy
Remuneration level	Competitive, bench marked against oil and gas upstream	Competitive, bench marked against oil and gas upstream and general industry in Norway
Review of base salary for Individually paid employees	Annually, within the framework of the collective agreements in the Company	Annually, reference is made to the framework of the collective agreements in the Company, trends in executive remuneration for comparable positions. Efforts are made to have mainly the same salary growth for management as for employees.
Annual Variable Pay (AVP)	All employees of the Company. Maximum 25% of base salary. Based on Company performance (Balanced scorecard) and the company performance modifier.	Maximum level CEO 120%, other members of Executive Management 75%. Based on achievement of goals in the goal plan including the Balanced scorecard and individual goals and the effect of the Company performance modifier.
Long-term incentive (LTI)	No	Share based LTI for members of the Executive Management annual maximum: CEO 45% other members of the Executive Management 37.5% of base salary.
Share Savings Plan	All employees of the Company. They may save up to 5% of base salary.	All members of the Executive Management. They may save up to 5% of base salary.
Pension plan The defined contribution plan	7% of pensionable income up to 7.1 G ¹ 25.1% of pensionable income between 7.1 G and 12 G. 15% deposit of salary above 12 G.	7% of pensionable income up to 7.1 G 25.1% of pensionable income between 7.1 G and 12 G. 15% deposit of salary above 12 G.
Insurance plan	Covered by personnel insurance and health- and travel insurance	Covered by personnel insurance and health- and travel insurance
Loans and guarantees	Subsidized loans, mortgage and car loan	Subsidized loans, mortgage and car loan
Notice period	Normally three months	Normally six months

¹ G corresponds to the basic amount in the National Insurance Plan in Norway, which as of October 2022 amounts to NOK 111 477

5 Process for determining remuneration

The Board has established a remuneration committee (the **“Remuneration Committee”**) consisting of three of the Board’s members. The Remuneration Committee is a preparatory body to the Board and has no decision-making power.

The Remuneration Committee prepares and makes recommendations to the Board prior to the Board’s consideration of and decisions on all matters pertaining to the CEO’s remuneration.

The Remuneration Committee also reviews and advises the CEO regarding remuneration of other members of the Executive Management.

The Remuneration Committee shall monitor and evaluate the remuneration plans for the Executive Management as well as the current remuneration structures and compensation levels within the Company.

The Board makes all decisions concerning the CEO’s remuneration. The CEO makes all decisions concerning remuneration of other members of the Executive Management within the guidelines and instructions provided by the Board. The CEO’s decisions are based on advice from the Remuneration Committee.

The Remuneration Policy shall be reviewed annually by the Remuneration Committee, and the Committee prepares and recommends any changes to the Board for approval. Any substantial changes to the Policy shall be presented and explained by the Board and approved by the AGM. In any case, the Board submits the Policy to the AGM for approval at least every four years.

The members of the Remuneration Committee are independent of the Company’s Executive Management. The CEO and other members of the Executive Management shall not participate in the Board’s discussions on matters related to remuneration that concerns them.

Please refer to section 3.7 of this policy for further details on decisions related to remuneration to members of the Executive Management on international assignments.

6 Deviations from the Policy

The Policy is binding for the Company from the time it is adopted by the AGM.

The Companies Act permits the Board to temporarily deviate from the Policy in exceptional circumstances, provided that such deviation is deemed necessary to serve the Company’s long-term interest and sustainability or to assure its viability. As such, the Board may, upon the recommendation from the Remuneration Committee and on its sole discretion in the circumstances described below to ensure the Company’s interests, sustainability or viability, resolve to deviate from any section of this Policy temporarily, including but not limited to:

- Upon changes in or amendments to relevant laws, rules or regulations;
- Upon changes of the CEO;
- Upon changes to the company’s structure, ownership, and business (e.g. mergers, demergers, takeovers, acquisitions);
- Other exceptional circumstances where such deviation may be required to serve the long-term interest or sustainability of the Company or to assure its financial viability.

Deviations from this Policy and the background for any such deviation shall be described in the annual remuneration report to be prepared for each financial year by the Board in accordance with section 16-6b of the Companies Act. In the event that a deviation is continued so that it cannot be deemed temporary, the Board shall update this Policy and propose that the updated policy is resolved by AGM as soon as practically possible.

Guidelines on remuneration for the Board of Directors in Vår Energi ASA

Board of Directors

Each member of the Board receives a fixed fee determined by the Annual General Meeting on an annual basis, based on the Election Committee's recommendation. The four members of the Board appointed by Eni do however not receive any remuneration, neither as Board member nor as committee member.

Members of the Board's three committees, the Audit Committee, the Remuneration Committee and the Safety & Sustainability Committee, receive a fixed annual fee in addition to the ordinary Board fee. The committee member fees are determined by the Annual General Meeting.

In addition, travel expenses are reimbursed on account.

The members of the Board do not receive variable remuneration from the Company. Board members elected by and among the employees receive less remuneration than the shareholder-elected Board members. Further, the employee-elected Board members receive salary, pension, and other remuneration such as bonuses and share-based remuneration in accordance with the Company's general terms for employment.

Pension contributions or vacation pay are not paid on the fees of Board members.

The Chair and other members of the Board have no agreements for compensation in the event of termination or changes in their position as Board members.

