

Remuneration guideline for senior executives

1 Applicability and scope

This guideline is applicable for senior executives in Edda Wind ASA (Edda Wind) and significant subsidiaries in the Edda Wind group where Edda Wind has control directly.

Senior executives are defined as Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer and Chief Operational Officer.

This guideline is applicable when hiring new employees affected by the guideline and when measuring variable pay-outs for employees defined as “in scope”.

2 Purpose and overall principles

The guideline is developed to ensure the group’s remuneration of senior executives complies with relevant regulatory requirements, is aligned with the group’s values, people policy, and performance-based remuneration philosophy, and is easy to understand and assess by the group’s various stakeholders. The below list of principles guides remuneration:

- The remuneration of senior executives is designed to retain and attract the right employees with the skills and expertise necessary to deliver on the group’s short- and long-term ambitions, including both financial and non-financial targets.
- The compensation should be competitive, but not market leading, in the relevant labour market(s).
- The compensation should be fair, reflect the complexity and responsibility for each position as well as the performance of the individual.
- Compensation should reflect the group’s overall performance and financial results.
- Remuneration should be aligned with and strengthen the common interest of Edda Wind senior executives and the group’s shareholders.
- The guideline, including the objective of each element of the remuneration, award levels, and performance criteria should be clear, transparent, and give a comprehensive overview of how the group compensates senior executives and how the different elements are believed to contribute to realising the group’s strategic ambitions, long-term interests, and profitability.

3 Main remuneration elements

Remuneration consists of a combination of fixed salary and variable payments.

Variable pay is linked to development of value adjusted equity, which is deemed to be a sound financial measurement for the portfolio of companies and investments in the Edda Wind group, and clearly linked to the group’s ambition of creating value over time. Value creation over time presupposes sustainable business models, in a broad sense of the word including being financially profitable short- and longer-term and taking the needs of future generations and society at large into account. A sustainable business strategy is deemed necessary to ensure the survival of the group. Financial and non-financial measures are intended to ensure the group achieves the right results, the right way – both short- and longer-term.

Development of value adjusted equity is determined using market price of the Edda Wind shares at Oslo Stock Exchange.

Below table outlines the main remuneration elements for senior executives in the Edda Wind group:

Remuneration element	Objective	Award level	Performance criteria
Fixed salary	Retain and attract the right employees with the right experience and skills.	Edda Wind offers competitive, but not market leading base salaries, aligned with the markets in which the group operates. The base salaries should consider responsibilities, complexities, exposure, and performance related to the individual positions. The senior executives have a three to six months' notice period. For other matters related to the employment contract, see severance pay and pension and insurance schemes.	The base salary is assessed annually based on the individual's performance, normally in April with effect from 1 April. The assessment includes financial and non-financial elements. It is also based on the general development of salaries in the local market in which the individual operates.
Pension and insurance	Offer competitive post-employment and other benefits.	Edda Wind offers general occupational pension and insurance schemes aligned with local markets. In addition, the company offers a health insurance, disability and dependents' benefits in accordance with the company's general pension plan.	Not applicable
Benefits in kind	Additions to the fixed salary in order to be competitive in local markets.	Edda Wind offers benefits in kind including newspapers, electronic communication, and car allowance in certain cases.	Not applicable
Severance	To secure a pay guarantee if a senior executive must leave the company.	The CEO has a 12 months severance pay, when the resignation is requested by the board/company.	Generally, the CEO's/senior executive's own notice will not instigate severance payment. Entitlement to severance payment is also conditional on the senior executive not having acted in a manner entitling dismissal under local law and regulations. A severance payment is normally offered if the CEO or other senior executives are asked to leave the company due to mergers, substantial changes in ownership, or if deemed necessary by the board.
Annual variable pay (short-term incentive - STI)	To encourage a strong performance culture, Edda Wind offers an annual variable pay rewarding individuals for annual achievements. The targets are linked to the group's financial and non-financial performance.	Maximum opportunity for annual variable pay is capped at three months' salary. The annual variable pay carries no pension or benefit rights, and it shall not for basis for any holiday allowance.	Any annual variable pay is discretionary, but the evaluation shall take into consideration the achievement of annual performance goals for the senior executive and the group, such as return on equity and new contracts. A declaration of the performance criteria is made public as part of the board's annual declaration on senior executives' remuneration.

Remuneration element	Objective	Award level	Performance criteria
			<p>The pay-out is prorated in line with the employment time throughout the year. The employee may not be entitled to pay-out, if the employee at the time of the actual pay-out, has given notice of resignation or been given such notice.</p> <p>Even though the requirements are met, the board can decide to postpone and/or decide not to pay-out the annual variable pay.</p>
Long-term incentive (LTI)	To strengthen the alignment of the senior executives' and shareholders' long-term interests. To be an attractive employer for key executives.	<p>Maximum opportunity for long-term incentive is capped at the annual salary.</p> <p>The LTI carries no pension or benefit rights, and it shall not for basis for any holiday allowance.</p>	<p>LTI is earned based on the change in Edda Wind share price plus distributed dividend for a calendar year (Market Value Change). If the Market Value Change is positive with a percentage between 10 % and 30 %, the earned LTI shall be calculated linear from 1-100 % of maximum LTI. If Market Value Change exceeds 30 %, this will have no impact on the earned LTI.</p> <p>Earned LTI is paid to the senior executive two years after it is earned, provided that the senior executive is still employed. However, the board may at its full discretion elect to make a payment of earned LTI regardless of employment status.</p> <p>The earned LTI and pay-out is prorated in line with the employment time throughout the earning period.</p>
Share Purchase Program	To strengthen the alignment of the senior executives' and shareholders' long-term interests. To be an attractive employer for key executives.	<p>The price reduction in the Share Purchase Program has been assessed as proportional to the three years lock-up period, and as such considered to be at market terms.</p> <p>The maximum amount the management was allowed to participate with was three times annual base salary.</p>	Executive management were invited to participate in the capital increase in connection with the Initial Public Offering of the Company at a price 25 % lower than the offer price, subject to a three-years lock-up period on such shares.
Board compensation	Award for sitting on internal and external boards	<p>Board compensation is used to award directors for time spend, responsibility following a directorship, and to attract relevant board members.</p> <p>Senior executives do, as a rule, not receive compensation as chair of or board members on internal boards or external boards in companies which Edda Wind has an ownership stake. If they do, their compensation will be deducted from their annual variable pay.</p>	Not applicable

The decision-making process

The annual general meeting is responsible for approving the remuneration guideline, every four-year as a minimum. Minutes from the annual general meeting must include how the annual general meeting voted regarding the guideline. The annual general meeting also votes on the declaration on remuneration to senior executives. The vote is advisory. The board must make a note of the feedback from the annual general meeting regarding the guidelines and the declaration. The declaration the following year, should include the vote from the previous year and how the board has integrated feedback from the annual general meeting.

Material changes in the guideline, award levels and/or performance criteria must be approved by the annual general meeting, whilst the annual general meeting will be made aware of minor changes.

The board is responsible for developing and executing the remuneration guidelines.

In addition to the guideline, the board is responsible for preparing an annual declaration on senior executive remuneration and how the guideline has been executed in the previous fiscal year. The declaration is made public as part of the group's annual report and is proposed as a separate item to the annual general meeting for an advisory vote.

The declaration will be as exhaustive as possible, but consider GDPR, stock sensitive information and/or facts regarded as trade secrets. A reason for not including specific details will be included in the declaration.

In addition to deciding the key performance indicators for the short- and long-term incentive programme for all senior executives, the board decides the increase in fixed salary and other employment terms for the CEO. The board has delegated the authority to decide fixed salary and employment terms for remaining senior executives to the CEO.

The board makes an annual performance evaluation of the variable incentive schemes based on agreed targets. The performance is evaluated along two dimensions, the actual results achieved and how achievements have been made. A similar process is followed by the CEO when assessing the performance of senior executives.

Despite fulfilling the agreed short- and long-term performance indicators, the board can at any given time decide to cancel the programmes to safeguard the group's short- and long-term interests. The board can also cancel the programme for one or more senior executives or require a postponement or repayment of variable payments. A reason for abandoning or repaying an agreement must be made in the annual declaration.