



Orrön Energy AB (publ)  
Reg No. 556610-8055

# Remuneration Report

Year ended 31 December 2024

# Remuneration report

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The report has been prepared in accordance with the Swedish Companies Act (2005:551), the Swedish Corporate Governance Code and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board. Information required under Chapter 5, Sections 40–44 of the Annual Accounts Act (1195:1554) is available in Note 20 and 21 of the Annual and Sustainability Report 2024.

Remuneration of the Board of Directors is not covered by this report, unless it refers to work performed outside of the directorship or long-term variable remuneration. Board fees are resolved annually by the Annual General Meeting and are not linked to the Company's performance. Remuneration of the Board of Directors is disclosed in Note 20 and in the Corporate Governance Report in the Annual and Sustainability Report 2024.

Information on the work of the Compensation Committee during 2024 is set out in the Corporate Governance report in the Annual and Sustainability Report 2024, which also includes the Policy on Remuneration adopted by the 2022 EGM. The Policy on Remuneration is also available on [www.orrön.com/about-us/governance/remuneration](http://www.orrön.com/about-us/governance/remuneration).

## Introduction

This Report describes how the Policy on Remuneration for Group management of Orrön Energy ("Policy on Remuneration") was implemented in 2024. The Report also provides information on remuneration to the CEO and other members of Group management and a summary of the Company's outstanding incentive programmes.

The auditors' statement regarding the application of the Policy on Remuneration during 2024 is available on [www.orrön.com/about-us/governance/remuneration](http://www.orrön.com/about-us/governance/remuneration).

## Implementation of the Policy on Remuneration

The individual elements and the total remuneration of Group management during 2024 was determined and delivered in line with the Policy on Remuneration approved by the 2022 EGM, the outcome and implementation of which are presented in this Remuneration Report. The Board and the Compensation Committee are satisfied that the Company's remuneration principles of recruiting, motivating and retaining high calibre executives capable of achieving the objectives of the Company have underpinned the implementation of the Policy on Remuneration. Remuneration has been motivational as well as appropriately and fairly rewarding executives for their contributions to the Company's success. Responsible and sustainable remuneration decisions have supported the Company's strategy, shareholders' long-term interests and sustainable business practices. Orrön Energy's strategy and long-term ambitions are further described in the Annual and Sustainability Report 2024 and on [www.orrön.com](http://www.orrön.com).

### The Compensation Committee

The Compensation Committee assists the Board in Group management remuneration matters and receives information and prepares the Board's and shareholder meetings' decisions on matters relating to the principles of remuneration, remuneration and other terms of employment of Group management.

Until 4 May 2024 It consisted of Grace Reksten Skaugen (Chair), William Lundin and C. Ashley Heppenstall and thereafter of Grace Reksten Skaugen (Chair), Mike Nicholson and William Lundin. At the 2024 AGM, C. Ashley Heppenstall declined to stand for re-election and Mike Nicholson was elected as new Board member and has been a member of the Compensation Committee since then.

The Compensation Committee met formally once during the first half of 2024 and once during the second half of 2024. Frequent contacts were also held by telephone and email to provide oversight and approvals of remuneration matters presented by Group management.

The Compensation Committee invited the CEO to attend parts of its meetings and is satisfied that there has been no conflict of interest and that no individual was part of a decision that impacted their own remuneration directly. The work of the Board and the Compensation Committee during 2024 followed the governance process laid out in the Policy on Remuneration. More information on the Compensation Committee's work during 2024 can be found in the Corporate Governance Report in the Annual and Sustainability Report 2024.

# Remuneration report

## Elements of remuneration

### Annual salary and benefits

Group management's fixed remuneration consists of the annual salary paid in monthly instalments and benefits that follow local practice. The Compensation Committee undertakes regular reviews of all terms to ensure that all elements of the individual package, including both fixed and variable remuneration, are determined according to the Policy on Remuneration to contribute to a reasonable total reward in line with market practice.

### Annual variable remuneration

The annual variable remuneration for Group management is assessed against annual performance targets that signal and reward the strategic and operational results and behaviours expected for the year, which contribute to long-term, sustainable value creation for Orrön Energy. The criteria and outcomes are further evaluated against the market, Orrön Energy's economic situation and how others are remunerated within the Company. The annual performance targets include delivery against measurable financial and non-financial performance requirements with performance weightings reflecting their influence on the Company's performance.

### Long-term incentive plans

Long-term share-related incentive plans in the form of share option plans for Group management and other employees were approved by the 2022 EGM, the 2023 and 2024 AGMs ("Employee LTIPs"), all aimed at aligning the interests of members of Group management and other employees with those of shareholders while offering competitive, market-aligned rewards for a growth-focused business. Designed to emphasise strong shareholder returns, the Employee LTIPs also reflect the Company's entrepreneurial and growth-oriented nature. Given that renewable energy projects require long time to mature and ultimately crystallise value, the Employee LTIPs have also been designed to incentivise decision making to support long-term value creation, which is being reflected in the length of the exercise and vesting periods.

The Employee LTIPs are fully aligned with the interest of shareholders as any pay-out will require a share price increase, which was considered to be an appropriate performance criterion given the Company's phase of development. The share price was also considered the best measure to determine shareholder value creation, as the Employee LTIPs will only deliver value to the extent that Group management are able to increase the Company's valuation. During the initial phase of the Company's development, it was challenging to find a suitable peer group or other performance conditions, which would adequately assess the Company's performance against the market. A performance condition focused on growth targets may not have led to share price appreciation and could in essence reward outcomes, which were not aligned with value appreciation for shareholders, in particular under prevailing market conditions.

Going forward, the Board proposes to the 2025 AGM transitioning to a new long-term, performance-based incentive plan ("LTIP 2025") for Group management and key employees. The primary objectives of this new plan are fully aligned with the current LTIPs to ensure continuity in rewarding performance and commitment, while still ensuring a strong link between performance and shareholder value. Under LTIP 2025, participants will be eligible to receive shares in the Company, provided they maintain continuous employment and meet specific performance conditions over a three-year period. Vesting will occur over three years with performance conditions measured during the period between 1 January and 31 March in the year of award and vesting, respectively. The proposed plan's performance conditions are based on the Company's relative Total Shareholder Return measured against a peer group of companies with a 75 percent weighting and Strategic Performance Conditions tied to the Company's long-term strategy with a 25 percent weighting. Further information on the LTIP 2025 proposal can be found in the notice of the 2025 AGM.

In order to secure the Company's obligations under the current Employee LTIPs, the Company has issued 20,160,000 warrants in total under series 2022:2, 2024:1 and 2024:2 as resolved by the 2022 EGM and 2024 AGM respectively.

### The main principles applicable to the 2022, 2023, and 2024 Employee LTIPs

- Instead of participants purchasing shares by paying the Exercise Price at exercise of the Employee Options, the primary settlement method shall be to "net equity settle" the Employee Options, meaning that the purchase price for each share shall be equal to the quotient value of the share (currently approximately SEK 0.01 per share) and that the number of shares that may be purchased shall be reduced by applying the following formula:
- Adjusted number of shares = ((A minus B) multiplied by D) divided by (A minus C), where:
  - A = the volume weighted average price for the Company's share on Nasdaq Stockholm during the five trading days immediately preceding the date of exercise of the Employee Option
  - B = the Exercise Price
  - C = the quotient value of the Company's share
  - D = the number of Employee Options exercised by the participant
- Only whole shares (no fractions) may be delivered and the number of shares delivered at net equity settlement shall thus be rounded down to the nearest number of whole shares.
- In the event a participant cannot exercise its Employee Options to purchase shares in the Company under applicable laws or regulations or at reasonable cost or with reasonable administrative effort by the participant or the Company, the Board shall have the right to decide to wholly or partly settle the Employee Options in cash. The Board shall also have the right to in its own discretion decide that shares and/or cash shall be withheld by the Company in order to cover or facilitate the payment of applicable taxes.
- The Board, or the Compensation Committee of the Board, shall be responsible for the detailed terms and the administration of the Employee LTIPs within the scope and framework of the 2022 EGM and the 2023 and 2024 AGM approved proposals. In connection therewith, the Board shall be entitled to adopt different terms and conditions e.g. due to new recruitment, illness, disability, death, redundancy, contractual retirement and other exceptional circumstances determined by the Board.
- In the event of a change of control of the Company or a direct or indirect sale, transfer or other disposal of all or substantially all of the business and assets, the Vesting Period shall be deemed to have completed and the participants shall be entitled to exercise the Employee Options as of the date when the transaction becomes unconditional.

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- Continued employment within the Group during the entire Vesting Period shall be a condition for the Employee Options to vest. If the participant resigns after the expiry of the Vesting Period, the participant shall only be entitled to exercise Employee Options during a period of three months following the last day of employment, which may be reasonably extended taking into account any potential restrictions under applicable laws or regulations. The Board shall be authorised to waive and alter these conditions according to circumstances deemed reasonable.
- The Board shall be entitled to recalculate the maximum number of shares (per Employee Option and in total) and the Exercise Price in the event of intervening rights issues, bonus issues, share splits, reverse share splits, dividends or similar events.
- In order to further align the interests of the members of Group management with the interests of the shareholders, each member of Group management shall be required to undertake to retain a minimum of 50 percent of the shares received when exercising the Employee Options (net after taxes) until the participant has built a personal ownership of shares in the Company equal to 100 percent of the participant's annual gross base salary (200 percent for the CEO).

Share option plans	Employee LTIP		
	2024 Plan	2023 Plan	2022 Plan
Number of options outstanding	5,285,000	5,979,500	7,921,000
Exercise price (SEK)	7.59	11.78	8.88
Vesting date	31 May 2027	31 May 2026	31 July 2025
Expiry date	31 May 2031	31 May 2030	31 July 2029

The exercise prices for the Employee LTIPs have been calculated based on the volume weighted average price as quoted on Nasdaq Stockholm during the defined pricing period.

The exercise price has been calculated based on an estimated volatility of 35%, a risk-free interest rate of 2.4% for the Employee LTIP 2024, 2.5% for the Employee LTIP 2023 and 1.8% for the Employee LTIP 2022.

More information on the Group's long-term share-related incentive plan for members of Group management and other employees can be found on [www.orrn.com/about-us/governance/long-term-incentive-plan/](http://www.orrn.com/about-us/governance/long-term-incentive-plan/)

### Long-term share-related incentive plans for the CEO and other members of Group management

Participant	Plan	Vesting date <sup>1</sup>	Expiry date <sup>2</sup>	Options granted <sup>3</sup>
Daniel Fitzgerald, CEO <sup>4</sup>	Employee LTIP 2022	31 July 2025	31 July 2029	2,628,000
	Employee LTIP 2023	31 May 2026	31 May 2030	2,010,000
	Employee LTIP 2024	31 May 2027	31 May 2031	1,761,000
Other Group management <sup>5</sup>	Employee LTIP 2022	31 July 2025	31 July 2029	2,628,000
	Employee LTIP 2023	31 May 2026	31 May 2030	1,886,000
	Employee LTIP 2024	31 May 2027	31 May 2031	1,652,000

<sup>1</sup> Refers to the date from when the participant(s) is entitled to exercise the Employee Options.

<sup>2</sup> Refers to the last date the Employee Options can be exercised by the participant(s).

<sup>3</sup> Refers to the number of Employee Options granted to the participant(s).

<sup>4</sup> Daniel Fitzgerald holds 550,000 shares in the Company as per 31 March 2025.

<sup>5</sup> Comprises two people: Espen Hennie, CFO and Henrika Frykman, General Counsel, who hold in aggregate 180,000 shares in the Company as per 31 March 2025.

# Remuneration report

## Key implementation and decisions under the Policy on Remuneration

The following table summarises key implementation and decision points during the year.

Aspect of Policy	2024 implementation and decisions under Policy on Remuneration
Governance	The Compensation Committee's work in 2024 was focused on monitoring and evaluation of remuneration structures, levels, programmes and the Policy on Remuneration, including review of the performance of the CEO and Group management as per the performance management process. More information on the Compensation Committee's work during 2024 can be found in the Corporate Governance Report in the Annual and Sustainability Report 2024.
Base salary	The Board approved an increase of the base salary levels for Group management for 2024 to reflect inflation.
Yearly variable remuneration	For the 2024 annual bonus, performance measures and ranges were defined and approved. Performance and reward outcomes for the 2024 annual bonus plan were reviewed and approved in early 2025 against pre-determined targets, including power generation, capital and operating expenditure, G&A and ESG/sustainability, with a 50 percent weighting in total, and strategic targets focussed on growth and shareholder value creation, with a 50 percent weighting. Key achievements for 2024 are shown on the following page.
Long-term incentive plan	The 2024 AGM approved the Employee LTIP 2024 as described above. The Board and the Compensation Committee were satisfied that the long-term incentive is aligned with the Policy on Remuneration and that it appropriately rewards the Company's strategy, shareholders' long-term interests and sustainable business practices.
Benefits	Benefits for Group management were reduced as per 1 July 2022 to reflect the change in scale and strategy of the business. In 2024, an executive pension plan, which is common market practice for executives in Switzerland, was reinstated.
Severance	No severance terms were applied during the year for Group management.
Claw-backs and similar actions	The Board saw no reason to exercise its right to claw back any annual bonus paid during or for 2024.
Deviations from the decision-making process	The Compensation Committee and the Board did not deviate from any part of the decision-making process laid out in the Policy on Remuneration approved by the 2022 EGM.
Deviations from the Policy on Remuneration	The Company did not deviate from any part of the Policy on Remuneration approved by the 2022 EGM.
Shareholder engagement	At the 2024, AGM no remuneration related questions were raised. During 2024, the Company engaged with shareholders and stakeholders and has taken feedback received into account in preparation of this Remuneration Report and other remuneration matters.

## Remuneration for the CEO, other members of Group management and certain remuneration for members of the Board of Directors

The tables below summarise the remuneration for 2024, including base salary, benefits, annual bonus for 2024, long-term variable remuneration and value of pensions.

	Fixed		Variable		Pension	Total	Proportion of Variable <sup>4</sup>
	Base salary	Other benefits <sup>1</sup>	Short-term variable remuneration <sup>2</sup>	Long-term variable remuneration <sup>3</sup>			
In TEUR							
Daniel Fitzgerald, CEO	444	21	185	–	68	718	26%
Other <sup>5</sup>	667	102	278	–	113	1,160	24%
<b>Total</b>	<b>1,111</b>	<b>123</b>	<b>463</b>	<b>–</b>	<b>181</b>	<b>1,878</b>	<b>25%</b>

<sup>1</sup> Other benefits may include, but are not limited to, school fees and health insurance.

<sup>2</sup> Short-term variable remuneration is reported on an accrual basis and includes the bonus relative to the performance in 2024.

<sup>3</sup> Long-term variable remuneration represents amounts exercised under the Company's share option plans Employee LTIP 2022, 2023 and 2024.

<sup>4</sup> Represents the sum of Variable divided by Total.

<sup>5</sup> Comprises two people: Espen Hennie, CFO and Henrika Frykman, General Counsel.

# Remuneration report

## Short-term variable remuneration to the CEO and other members of Group management

Short-term variable remuneration has been determined based on achievement of the set performance targets, including power generation, capital and operating expenditure, G&A and ESG/sustainability, with a 50 percent weighting in total, and strategic targets focussed on growth and shareholder value creation, with a 50 percent weighting.

Key achievements in 2024 include delivery of 907 GWh of production, delivery in line with guidance on controllable costs, acquisition of 50 GWh of producing assets and a portfolio of greenfield wind and solar projects in the Nordics, reaching the ready to permit milestone for the first UK greenfield project and continued expansion and progress in the large scale greenfield pipeline, implementation of voluntary curtailments and ancillary services to mitigate the impact of low electricity pricing, increasing the revolving credit facility by 40 MEUR, completion of the sale of the Leikanger asset at a value accretive price leading to a significant reduction in net debt, and ensuring safe operations with no material health, safety or environmental incidents. The majority of the performance targets were met, however an adjustment was made to account for market conditions in 2024, leading to a payment equal to five months base salary as short-term variable remuneration for the CEO.

## Remuneration for members of the Board of Directors outside of the directorship

No remuneration for members of the Board of Directors outside of the directorship has been paid during 2024.

## Long-term variable remuneration for members of the Board of Directors

The 2022 EGM resolved to approve a one-off long-term share-related incentive plan for members of the Board ("Board LTIP 2022") in the form of a share option plan ("Board Options"). The reason for establishing a one-off long-term share-related incentive plan for the members of the Board was to align their interests with the interests of the shareholders, as well as to provide market appropriate reward reflecting responsibilities, commitment and share price appreciation. More information on the Board LTIP 2022 can be found on [www.orrn.com/about-us/governance/long-term-incentive-plan/](http://www.orrn.com/about-us/governance/long-term-incentive-plan/)

In total 1,005,000 Board Options were awarded to the members of the Board. The Chair of the Board received 402,000 Board Options and the other Board members received 201,000 Board Options each. At the 2023 AGM, Aksel Azrac declined to stand for re-election and the Board Options attributed to him were reduced to 67,000. The total amount of Board Options outstanding as at 31 March 2025 is 670,000.

## Comparative information of the change of remuneration and the Company's performance

Following the completion of the combination of the Company's exploration and production business with Aker BP in 2022, the remuneration from 1 July 2022 takes into account the Company's smaller scale and new focus on renewable energy. As the Company has undergone significant changes during 2022, including both changes in activity and in composition and size of Group management, the comparative information presented for 2022 vs 2021 and 2023 vs 2022 may be a less relevant metric.

	2020 vs. 2019	2021 vs. 2020	2022 vs. 2021	2023 vs. 2022 <sup>4</sup>	2024 vs. 2023
Daniel Fitzgerald, CEO <sup>1</sup>	–	–	–	69%	8%
Other Group management	2%	-23%	-68%	-46%	7%
Average remuneration to employees on a full-time equivalent basis	6%	0%	-10%	-40%	-5%
Proportionate power generation <sup>2</sup>	–	–	–	128%	19%
Proportionate EBITDA <sup>3</sup>	–	–	–	-74%	32%

<sup>1</sup> Daniel Fitzgerald joined the Company as COO on 1 January 2021 and is the Company's CEO from 1 July 2022. For 2021 and up to 30 June 2022, his remuneration is included in Other Group management.

<sup>2</sup> Proportionate power generation represents Orrön Energy's proportionate share of the production from the entities in which the Group has an interest. This alternative performance measure is relevant from 1 July 2022 when the Company became a pure-play renewables business. See section Alternative Performance measures on page 80 of the 2024 Annual and Sustainability Report.

<sup>3</sup> Proportionate EBITDA represents Operating profit before depreciation calculated on a proportionate basis. This alternative performance measure is relevant from 1 July 2022 when the Company became a pure-play renewables business. See section Alternative Performance measures on page 80 of the 2024 Annual and Sustainability Report.

<sup>4</sup> The comparative information for 2023 vs 2022 has been restated and excludes any costs recognised for the long-term incentive plans

## Remuneration from other companies within the Group

No additional remuneration was paid in 2024 to the CEO or any other member of Group management by any other company within the Group.

# Remuneration report

## Policy on Remuneration

The following Policy on Remuneration was approved by the Extraordinary General Meeting held on 16 June 2022 and applies for four years, unless a new Policy is proposed for approval earlier.

### Application of the Policy

This Policy on Remuneration applies to the remuneration of "Group Management" at the Company, which includes (i) the Chief Executive Officer (the "CEO"), (ii) the Deputy CEO, who from time to time may be designated from one of the other members of Group Management, and (iii) executives so designated by the Board. The Policy also applies to members of the Board of Directors (the "Board") of the Company where remuneration is paid for work performed outside the directorship.

The Policy is, together with previous years' Policies, available on the Company's website and it will remain available for ten years.

## Key remuneration principles at the Company

The Company's remuneration principles and policies are designed to ensure responsible and sustainable remuneration decisions that support the Company's strategy, shareholders' long-term interests and sustainable business practices. It is the aim of the Company to recruit, motivate and retain high calibre executives capable of achieving the objectives of the Company and to encourage and appropriately and fairly reward executives for their contributions to the Company's success.

## Remuneration to members of the Board

In addition to Board fees resolved by the General Meeting, remuneration as per prevailing market conditions may be paid to members of the Board for work performed outside the directorship.

## Compensation Committee

The Board has established a Compensation Committee to support it on matters of remuneration relating to the CEO, the Deputy CEO (if appointed), other members of Group Management and other key employees of the Company. The objective of the Committee is to structure and implement remuneration principles to achieve the Company's strategy, the principal matters for consideration being:

- the review and implementation of the Company's remuneration principles for Group Management, including this Policy which requires approval by the General Meeting of Shareholders;
- the remuneration of the CEO and the Deputy CEO (if appointed), as well as other members of Group Management, and any other specific remuneration issues arising;
- the design of long-term incentive plans that require approval by the General Meeting of Shareholders; and
- compliance with relevant rules and regulatory provisions, such as this Policy, the Swedish Companies Act, the Swedish Corporate Governance Code and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

When the Committee makes decisions, including determining, reviewing and implementing the Policy, it follows a process where:

- the Board sets and reviews the terms of reference of the Committee;
- the Chair of the Committee approves the Committee's agenda;
- the Committee considers any reports, data and presentations and debates any proposal. In its considerations the Committee will give due regard to the Company's situation, the general and industry specific remuneration environment, the remuneration and terms of employment of the broader employee population, feedback from different stakeholders, relevant codes, regulations and guidelines published from time to time;
- the Committee may request the advice and assistance of management representatives, other internal expertise and of external advisors. However, it shall ensure that there is no conflict of interest regarding other assignments that any such advisors may have for the Company and Group Management;
- the Committee ensures through a requirement to notify and recuse oneself that no individual with a conflict of interest will take part in a remuneration decision that may compromise such a decision;
- once the Committee is satisfied that it has been properly and sufficiently informed, it will make its decisions and, where required, formulate proposals for approval by the Board; and
- the Board will consider any items for approval or proposals from the Committee and, following its own discussions, make decisions, proposals for a General Meeting of Shareholders and/or further requests for the Committee to deliberate on.

# Remuneration report

## Elements of remuneration for Group Management

There are four key elements to the remuneration of Group Management:

	Description, purpose and link to strategy and sustainability	Process and governance	Relative share of total reward <sup>1</sup>
a) Base salary	<ul style="list-style-type: none"> <li>- Fixed cash remuneration paid monthly. Provides predictable remuneration to aid attraction and retention of key talent.</li> </ul>	<ul style="list-style-type: none"> <li>- The Committee reviews salaries every year as part of the review of total remuneration (see below for a description of the benchmarking process).</li> </ul>	30%
b) Annual variable remuneration	<ul style="list-style-type: none"> <li>- Annual bonus is paid for performance over the financial year.</li> <li>- Each position has a set expected bonus opportunity, which can be up to the equivalent of 12 months' base salary.</li> <li>- Any value awarded by the Board that is more than 12 months' base salary is paid for delivering outstanding performance, subject to a maximum cap of 18 months base salary.</li> <li>- Signals and rewards the strategic and operational results and behaviours expected for the year that contribute to the long-term, sustainable value creation of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>- The annual review of total remuneration also considers annual bonus awards, outcomes, target structure, weightings of targets and specific target levels of performance.</li> <li>- Measurable financial and non-financial performance requirements are identified according to position and responsibilities and include delivery against power generation, investment, financial, ESG and strategic targets.</li> <li>- The Committee reviews the design of annual variable remuneration separately.</li> </ul>	15%
c) Long-term incentive plan	<ul style="list-style-type: none"> <li>- Annual awards of equity-based long-term incentives, approved by the General Meeting, that align the interests of participants with those of shareholders.</li> <li>- Awards may be granted with a fair value of up to 300% of base salary at award.</li> </ul>	<ul style="list-style-type: none"> <li>- Annual review of total remuneration considers long-term incentive awards and outcomes.</li> <li>- Group management are required to build a significant personal shareholding of up to 100% of base salary (200% for the CEO) over time by retaining 50% of exercised shares, net of tax, until the predetermined limit for the personal shareholding has been achieved.</li> <li>- The Committee reviews the design of long-term incentives separately.</li> </ul>	50%
d) Benefits	<ul style="list-style-type: none"> <li>- Predictable benefits to help facilitate the discharge of each executive's duties, aiding the attraction and retention of key talent.</li> </ul>	<ul style="list-style-type: none"> <li>- The Committee reviews benefits and contractual terms regularly to ensure that the Company does not fall behind the market.</li> <li>- Benefits are set with reference to external market practices, internal practices, position and relevant reference remuneration.</li> </ul>	5%
Total			100%

<sup>1</sup> Estimated reward shows the percentage of total reward where proportions are estimated assuming 50 percent of maximum annual bonus and the fair value of the long-term incentive without any further share price or dividend effect. Different actual awards and the variable nature of incentives means that the actual proportions for an individual may be different.

## Review and benchmarking

The Committee undertakes reviews of the Company's remuneration policies and practices considering the total remuneration of each executive as well as the individual components. Levels are set considering:

- the total remuneration opportunity;
- the external pay market;
- the scope and responsibilities of the position;
- the skills, experience and performance of the individual;
- the Company's performance, affordability of reward and general market conditions; and
- levels and increases in remuneration, as well as other terms of employment, for other positions within the Company.

External benchmarks for total remuneration are acquired when the Committee considers it necessary, consisting of one or more sets of companies that compete with the Company for talent, taking into consideration factors like size, complexity, geography and business profile when determining such peer groups.

# Remuneration report

## Variable remuneration

The Company considers that variable remuneration forms important parts of executives' remuneration packages, where associated performance targets reflect the key drivers for pursuing the Company's strategy, and to achieve sustainable value creation and growth in long-term shareholder value. The Committee ensures that performance and design align with the strategic direction and risk appetite of the Company before incentives are approved by the Board.

There is no deferral of incentive payments, however, the Board can recover annual bonuses paid in the unlikely event of outcomes based on information which is subsequently proven to have been manifestly misstated. The Board can also in exceptional circumstances reduce long-term incentive awards, including reducing them to zero, should it consider the vesting outcome to incorrectly reflect the true performance of the Company.

## Benefits

Benefits provided shall be based on market terms and shall facilitate the discharge of each executive's duties. The pension provision is the main benefit and follows the local practice of the geography where the individual is based. The pension benefits consist of a basic defined contribution pension plan, where the employer provides 60 percent and the employee 40 percent of an annual contribution of up to 18 percent of the capped pensionable salary and, at the Board's discretion, a supplemental defined contribution pension plan where the employer provides 60 percent and the employee 40 percent of a contribution up to 14 percent of the capped pensionable salary.

## Severance arrangements

Executives have rolling contracts where mutual notice periods of up to twelve months apply between the Company and the executive. In addition, severance terms are incorporated into the employment contracts for executives that give rise to compensation in the event of termination of employment due to a change of control of the Company. Such compensation, together with applicable notice periods, shall not exceed 24 months' base salary.

The Board is further authorised, in individual cases, to approve severance arrangements, in addition to the notice periods and the severance arrangements in respect of a change of control of the Company, where employment is terminated by the Company without cause, or otherwise in circumstances at the discretion of the Board. Such severance arrangements may provide for the payment of up to 12 months' base salary.

In all circumstances, severance payments in aggregate (i.e. for notice periods and severance arrangements) shall be limited to a maximum of 24 months' base salary.



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