

GUIDELINES FOR SALARY AND OTHER REMUNERATION FOR LEADING PERSONNEL

1. INTRODUCTION

These guidelines have been approved by the board of Scana ASA (“Scana” or the “company”), in accordance with the Act on Public Limited Companies (“Public Limited Companies Act”) Section 6-16a and associated regulations. The guidelines have been prepared for approval at the company’s annual general meeting in 2021 and shall apply until the Group’s annual general meeting in 2025, unless the guidelines are amended or replaced earlier.

2. PERSONNEL COVERED BY THE GUIDELINES

The Scana Group defines leading personnel as the Managing director and members of the Group Management. The guidelines can also be applied to other key personnel in the Scana Group. The Group does not have employee-elected board members.

3. THE PROCESS FOR THE PREPARATION OF THE GUIDELINES. CONFLICTS OF INTEREST

The board has had an active role in establishing, evaluating, and implementing these guidelines.

The board must prepare proposals for guidelines that must be approved by the company’s annual general meeting at least every fourth year. The annual general meeting makes a final decision on such proposals. Adopted guidelines can also be adjusted by decision in subsequent general meetings.

To minimize the risk of conflicts of interest, no leading personnel shall participate in the preparation of or make decisions related to salary or other remuneration that the person in question is directly affected by.

4. THE MAIN PRINCIPLES FOR THE COMPANY’S EXECUTIVE PAYMENT POLICY

These guidelines constitute a framework for the salary and other remuneration the company can award to leading personnel during the period the guidelines are active. The purpose is to contribute to the realization of the company’s business strategy, long-term interests, and financial sustainability.

The main principle behind the Scana Group’s executive payment policy is that base pay should promote value creation in the company and contribute to overlapping interests between the owners and leading personnel. Basic salary must not be of such a nature or have an extent that could damage the company’s reputation.

As a leading player in its industry, the Scana Group is dependent on offering salaries that can recruit the most talented leaders. It is the board’s policy that to ensure the best possible leadership, salaries must be offered at levels that the individual is satisfied with and that are competitive in an international market. Salary and other remuneration must be the same for male and female employees for equal work or work of equal value.

Salary and employment conditions for employees in the Group have been considered when preparing these guidelines, by including information on employees’ total income, forms of remuneration and other salary components the board’s basis for evaluating whether the Scana Group’s salary practices, guidelines and limitations set out in these guidelines are adequate and reasonable.

Basic salary for leading personnel consists of a fixed and a variable salary component which is determined on an individual basis.

GUIDELINES FOR SALARY AND OTHER REMUNERATION

ELEMENTS OF PAY

Salary includes all benefits a person receives as a result of his or her position as a leading person in the Scana Group in accordance with §2 of the Regulations on guidelines and report on remuneration for leading personnel.

FIXED SALARY

The company's policy is that the management salaries should mainly be expressed in a fixed monthly salary that reflects the level of the person concerned's position and practice, including ordinary benefits in kind.

For leading personnel, the basic salary must make up the most significant part of the total salary.

VARIABLE SALARY

Bonus schemes for the management team must be linked to the Scana Group's value drivers to achieve the Group's business strategy, long-term interests and sustainable business operations. Account must be taken of achieved results and judgment relating to operating margin and order intake. The total value of variable payment must not normally exceed the value of fixed payment.

OTHER REMUNERATION

In addition to basic salary, other remuneration may be given to leading personnel, including the allocation of shares or other benefits linked to shares or developments in the share price in Scana ASA or other companies in the Scana Group.

NON-FINANCIAL BENEFITS

Leading personnel receive standard non-financial benefits such as coverage of mobile and broadband etc.

PENSION

Pension schemes shall basically be the same for leading personnel as established generally for employees in the Scana Group. Pension schemes must be based on customary schemes and current legislation.

SHARE-BASED PROGRAM

On 24 June 2019, the Scana Group announced that leading personnel have been awarded a share-based option program together with the General Managers of the subsidiaries. The option program was approved by the general meeting on 8 May 2020. The board considers attractive share-based incentive schemes to be an important part of the total compensation.

The options can, according to the option agreements' detailed terms, be exercised with up to 1/3 after 12 months (following the company's reporting of the second quarter of 2020), 1/3 after 24 months and 1/3 after 36 months. All unused options can be exercised after 48 months. The exercise price is NOK 1.10 per share after 12 months, and then increases by 10 % for each year. There is a 6-month lock-in period for shares acquired under the share-based program.

In the share-based program decided in 2019, it is assumed that no one who has been awarded options ends the vesting period and that everyone redeems the options after the second quarter of 2022.

On 24 January 2022, Scana Group announced that leading personnel have been awarded a new share-based option program together with the General Managers of the subsidiaries. The options were vested by 1/3 after 36 months. All unused options can be exercised after 48 months. The exercise price is NOK 1.40 per share after 12 months, and then increases by 5 % for each year. There is a 6-month lock-in period for shares acquired under the share-based program.

In the share-based program decided in 2022, it is assumed that no one who has been awarded options ends the vesting period and that everyone redeems the options after the second quarter of 2025.

EMPLOYMENT AGREEMENTS

Retirement arrangements that are established upon resignation will be seen in connection with the mutual possibility of termination of the employment relationship and other limiting clauses in the individual's employment agreement. Post-retirement schemes must, as a starting point, have deductions for income from other sources. The CEO has an agreement for 6 months' severance pay.

DEVIATIONS FROM THESE GUIDELINES

In the following cases, the board may decide to deviate from these guidelines:

- in the event of a change of CEO;
- in the event of material changes in the Group's organization, ownership and/or operations;
- in the event of material changes in the Group's strategy.
- in the event of changes to or additions to relevant legislation, rules or regulations
- (for example for regulatory, stock market, tax or administrative purposes, or to take into account changes in legislation or corporate law obligations or guidelines);
- in the event of other extraordinary circumstances where exceptions may be required to secure the Group's long-term interests and sustainability as a whole, or to ensure the Group's viability.

Any deviation from these guidelines must be reported in the salary report for the individual year. The board of director's statement on the determination of remuneration for leading personnel will be sent out or made available to shareholders on Scana ASA's website, together with a notice of the Scana Group's annual general meeting, as well as the Scana Group's Annual Report.