

**Carbon Transition ASA**  
**REPORT ON REMUNERATION TO EXECUTIVE MANAGEMENT AND BOARD**  
**MEMBERS FOR 2022**

Advisory vote by the annual general meeting on 24 May 2023

## **1. Introduction**

This report on remuneration to Executive Management (the "**Report**") is prepared by the board of directors of Carbon Transition ASA (the "**Company**" and together with its subsidiaries the "**Group**"). The Report has been prepared in accordance with the Norwegian Public Limited Liability Act 1997 section 6-16 b, the Norwegian Regulation on Guidelines and Report on Remuneration of Leading Employees of 2020 (Nw.: Forskrift om retningslinjer og rapport om godtgjørelse for ledende personer) section 6 and the Norwegian Accounting Act section 7-31b.

The Report comprises remuneration to the Company's interim CEO and CFO and members of the board of directors who are or have been employed by the Company for the financial year 2022. The purpose of the Report is to provide a comprehensive, clear and understandable overview over awarded and due gross salary and remuneration to Executive Management and board members for the last financial year and how the remuneration is in accordance with the guidelines for remuneration of Executive Management adopted by the extraordinary general meeting 30 September 2021 of the Company (the "**Remuneration Guidelines**") and to what extent the remuneration is linked to the performance of the Company.

The annual general meeting in May 2022 had the following resolutions; "*The General Meeting endorses the remuneration report 2021.*"

The Report provides details, both in total and individualized, on the remuneration of the Company's Executive Management as well as the remuneration received by members of the Company's board of directors in their capacity as board members in the Company.

Remuneration of the members of the board of directors of the Company is covered in section 6 of this Report.

## **2. Group highlights in 2022**

### *Overall Group performance in 2022*

The Group's business model is an investment company. The Group may invest broadly in listed companies as well as companies expected to be listed in the near term.

The Group has a legacy seismic business operating under the name Axxis Geo Solutions. Under Axxis Geo Solutions, the Company manages a seismic multi-client data library with assets in Norway and Egypt. Axxis Geo Solutions operated an ocean-bottom seismic contract business which the Company sold to Magseis Fairfield through an earn-out structure in March 2022.

The 2022 Group's revenues of USD 7.3 million are lower than the previous year's revenues of USD 15.8 million. The revenues for 2022 are only related to late sales. The multi-client Utsira project of USD 5.7 million and the first late sales from multi-client Gulf of Suez project

of USD 1.6 million. 2021 revenue is mainly based on one exclusive node seismic contract in the UK of USD 9.0 million and late sales of USD 5.5 million from the multi-client Utsira project in the North Sea.

Change in fair value for investment in 2022 was loss of USD 13.4 million compared to gain of USD 8.4 million in 2021. This is mainly related to write-downs in the investments Arbaflame AS and Power by Britishvolt.

EBIT for the Group in 2022 was negative with USD 0.3 million compared to negative of USD 7.1 million in 2021. Net financial loss was USD 98 thousand in 2022 compared to net financial income of USD 21.2 million in 2021. The 2021 gain is mainly related to the restructuring gain of USD 24.7 million offset by some financial expense and currency exchange loss.

For 2022, the Group had a profit of USD 1.4 million compared to USD 13.9 million for the same period in 2021.

For further details on the Company's performance in 2022, reference is made to the Company's consolidated Annual Report for 2022.

### **3 Compliance with the remuneration guidelines and application of performance criteria**

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company can recruit and retain qualified personnel. The Company must therefore offer a competitive total remuneration, and the Company's Remuneration Guidelines enable the Company to offer Executive Management such competitive total remuneration. Under the Remuneration Guidelines of the Company, remuneration of Executive Management shall ensure alignment between performance and remuneration.

Further the purpose of the executive remuneration is to align interests between executive management and the Company's shareholders and stimulate a strong and enduring profit-oriented culture that is expected to contribute to share price growth. The remuneration to the Executive Management shall promote the achievement of good financial results and leadership in accordance with the Company's values and business ethics and shall reflect the content and complexity of the executives' position as well as the performance of the individual.

The salary program consists of the following components: A fixed salary, standard employee pension and insurance coverage, a variable salary element (if in place) and share incentive programs (if in place for one board member as of December 2022). The fixed salary for executives shall be in line with the market level for corresponding jobs in the industry and be based on responsibilities, expertise and performance.

#### ***Overview of the application of the remuneration guidelines in 2022***

##### **Variable salary**

The variable salary program will have two main components. The first component is a payment of a cash bonus depending on the Company's overall performance as determined by the Board of Directors. The second component is a payment of a cash bonus based on personal

achievement, including evaluation of each participant's contribution to the Company's value creation and development. These variable salary elements may total up to a maximum of 100% of the fixed salary.

### **Share incentive programs**

A share option plan was approved by the extraordinary general meeting on 30 September 2021. The Executive Management is part of this plan.

The share option plan is designed to create an ownership culture to ensure alignment between shareholders and the Executive Management of the Company. The option plan is an important tool to attract and retain high caliber employees. The share option plan includes the following main terms: A total of 5,000,000 options may be granted to members of Executive Management and other employees, as well as others with an affiliation with the Company. Granted options vest over a four-year period with equal proportions each year, giving right to a maximum of 5,000,000 shares of the Company, equivalent to approximately 2.1 percent of the total outstanding shares.

### **Pension plans and insurance**

The Company has established a pension scheme in accordance with the Norwegian Occupation Pension Act. The pension scheme is based on a defined contribution pension plan for all Norwegian employees, including the Norway based executive team. The pension scheme covers salaries from 0G to 12G and is in accordance with Norwegian legislation.

The Company compensates the executive team and their families, as defined as close associates pursuant to the Norwegian Securities Trading Act section 2-5 no. 1 and 2, for health and life insurance plans in line with standard conditions for executive positions, in addition to mandatory occupational injury insurance required under Norwegian law.

### **Benefit in kind**

Members of the Executive Management may be offered benefits in kind that are common for comparable positions, e.g., free telephone service, PC, free broadband service, and newspapers. There are no special restrictions on the type of other benefits that can be agreed on.

The Board of Directors has not granted any options to employees or others affiliated with the Company after the power of attorney received 30 September 2021.

The Company has not had a variable salary program in place for the Executive Management for 2022. However, this may be implemented in future periods.

Compliance with Section 6-16b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation, adopted by the extraordinary general meeting 30 September 2021, can be found on the Company's website [www.carbn.no](http://www.carbn.no). The auditor's report regarding the Company's compliance with the Remuneration Guidelines is available on [www.carbn.no](http://www.carbn.no).

The Remuneration Guidelines, adopted by the extraordinary general meeting in September 2021, have been implemented. No deviations from the Remuneration Guidelines have been decided and no derogations from the procedure for implementation of the Remuneration Guidelines have been made.

No remuneration has been reclaimed by the Company during the reported financial year.

#### 4 Total remuneration of Executive Management in the Company

Table 1 below sets out total remuneration, split by component, paid and due to each current or previous Senior Executive in the Company for the last financial year.

**Table 1 – Total remuneration of Executive Management in the Company in 2022, 2021 and 2020**

USD thousands

Name of management Executive, position	Reported Financial year	Fixed remuneration			Variable remuneration		Extraordinary items	Pensions expenses	Total remuneration	Proportion of fixed and variable remuneration
		Base	Fees	Other Benefits	One-year variable	Multi-year variable				
Nils Haugestad, CFO *1	2022	249	-	2	-	-	-	19	270	100/0
	2021	279	-	2	-	-	-	20	301	100/0
Ronny Bøhn, CEO *2	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2021	262	-	3	-	-	-	20	285	100/0
Svein Knudsen, CCO *3	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2021	490	-	2	-	-	-	20	512	100/0
Rick Dunlop, EVP Operations *4	2022	88	-	9	-	-	-	-	97	100/0
	2021	192	-	27	-	-	-	-	219	100/0

\*1 Nils Haugestad started as CFO 1 April 2020, acting CEO from 3 December 2021

\*2 Ronny Bøhn started as CEO 8 August 2020 to 3 December 2021, severance package for Mr. Bøhn was accrued per December 2021 with USD 112 thousands

\*3 Svein Knudsen was CFO till April 2020 and then CCO till 28 June 2021

\*4 Rick Dunlop was EVP Operations till 1 April 2022

#### 5 Share based remuneration

At the extraordinary general meeting of 30 September 2021, two members of the Board of Directors were granted a total of 1,600,000 options which vests over a two-year period, giving right to 1,600,000 shares of the Company, equivalent to approximately 0.67 percent of the total outstanding shares. If the board member resigns from his position as board member in the Company or does not make himself available for re-election in the Company, both vested and unvested options shall become void and unenforceable. If the board member otherwise must resign from the position or is not re-elected as board member, the board member shall retain options which have vested on the date of the resignation from the board, but not options which have not vested. Upon exercise of the options which vests in 2022, the board member shall pay to the Company a price per share of NOK 1.70, and upon exercise of the options which vests in 2023, the board member shall pay to the Company a price per share of NOK 1.90. The price shall be adjusted for dividends paid to the shareholders. The options may be exercised from each vesting period and within 5 years thereafter. As of 31 December 2022, only one board member has options.

At the same general meeting, the following was approved; the board of directors may during a period of 3 years from the date of this general meeting grant certain employees and others who are affiliated with the Company options for an aggregate number of 5,000,000 options

(each an "**Option Holder**") on the following terms: the options vest over a period of four years, so that 25% vest at the expiry of each year from the allocation date (each a "**Vesting Period**"). Upon exercise of the options the Option Holder shall pay to the Company a consideration per share equaling the share price per the allocation date, adjusted for dividends subsequently paid to the shareholders. The options may be exercised by the Option Holder from each Vesting Period up until two years after expiry of the last Vesting Period. Other terms applicable under the option program shall be subject to the board's decision, hereunder including, inter alia, terms in connection with the Option Holder's resignation from position, acceleration of options in case of change of control in the Company, etc. as well as option agreements.

The Board of Directors has not granted any options to any employees or others affiliated with the Company after the power of attorney received 30 September 2021.

## **6 Remuneration to the board of directors**

This section describes the remuneration received by the Company's board members in their capacity as board members of the Company.

The proposal for remuneration of the board of directors is, pursuant to the Company's articles of association, prepared by the Company's nomination committee. The remuneration for the Company's board members is then resolved by the Company's general meeting.

Each member of the Board of Directors receives a fixed fee determined by the General Meeting on an annual basis. Members of the Board of Directors' committees receive a fixed annual fee in addition to the ordinary board fee. In addition, travel expenses are reimbursed on account.

The board members in the Company are included in the share-based remuneration programs. Two members of the Board of Directors was granted 30 September 2021 a total of 1,600,000 options which vests over a two-year period, giving right to 1,600,000 shares of the Company, equivalent to approximately 0.67 percent of the total outstanding shares. Please refer to section 4 for further details. Below is a specification of remuneration to the board of directors (amounts in USD 1,000). Per 31 December 2022, one board member has options.

**Table 2 – Total remuneration of Board of Directors in the Company in in 2022, 2021 and 2020**

USD thousands

Name of board member	Positions	Period	Number of options held	Cost for options 2022	Cost for options 2021	Number of shares held	Type of remuneration	2022	2021
Nina Skage *1	Chair Board member	From 18.8.2022 From 2.7.2019 to 18.08.2022	-	N/A	N/A	-	Regular board remuneration	36	44
							Remuneration of the audit committee	5	9
Gisle Grønlie *2	Chair	From 23.6.2021 to 18.8.2022	800 000	5	-1	134 000	Regular board remuneration	49	23
							Remuneration of the audit committee	-	-
Torstein Sanness	Board member	From 23.6.2021	800 000	5	11	285 000	Regular board remuneration	31	16
							Remuneration of the audit committee	4	2
Ketil Skorstad	Board member	From 18.8.2022	-	N/A	N/A	16 250 000	Regular board remuneration	11	N/A
							Remuneration of the audit committee	-	N/A
Christian Huseby	Chair	From 30.6.2020 to 23.6.2021	-	N/A	N/A	-	Regular board remuneration	N/A	41
							Remuneration of the audit committee	N/A	-
Njål Sævik	Board member	From 6.11.2017 to 23.6.2021	-	N/A	N/A	-	Regular board remuneration	N/A	28
							Remuneration of the audit committee	N/A	-
Eirin Inderberg	Board member	From 2.7.2019 to 23.6.2021	-	N/A	N/A	-	Regular board remuneration	N/A	28
							Remuneration of the audit committee	N/A	-
Vibeke Fængsrud	Board member	From 2.7.2019 to 23.6.2021	-	N/A	N/A	-	Regular board remuneration	N/A	28
							Remuneration of the audit committee	N/A	4

\*1 Nina Skage was Chair from 18 August 2022

\*2 Gisle Grønlie was Chair till 18 August 2022 and then all his options expired

## 7 Comparative information on the change of remuneration and company performance

**Table 3 - Comparative table on the change of remuneration and company performance over the last five reported financial years (RFY)**

The Company was listed at Oslo Axess in 2019 and the comparable figures is from 2019. Before this period the comparable figures are not easily accessible, and the executive management was different.

Annual change	2022 vs 2021	2021 vs 2020	2020 vs 2019
<b>Management remuneration</b>			
Nils Haugestad, CFO *1	-10%	46%	N/A
Ronny Bøhn, CEO *2	N/A	164%	N/A
Svein Knudsen, CCO *3	N/A	120%	-30%
Rick Dunlop, EVP Operations *4	-56%	-11%	-19%
Lee Parker, CEO *5	N/A	N/A	-47%
<b>Key financial figures for the Group</b>			
Multi-client late sales *6	31%	422%	100%
Change in fair value of investments	-260%	100%	N/A
Multi-client library, net of amortization	15%	-9%	-16%
Investments	-63%	100%	N/A
<b>Average remuneration on a full-time equivalent basis of other employees, in USD thousands *7</b>	131	166	139
<b>Average remuneration on a full-time equivalent basis of other employees *7</b>	-21%	20%	21%

\*1 Nils Haugestad started as CFO 1 April 2020, acting CEO from 3 December 2021

\*2 Ronny Bøhn started as CEO 8 August 2020 till 1 December 2021

\*3 Svein Knudsen had a settlement remuneration in 2021

\*4 Rick Dunlop was EVP Operations till 1 April 2022

\*5 Lee Parker was CEO till 8 August 2020

\*6 The Utsira seismic data was processed and ready for sale in Q3 2020 and therefore no multi-client late sales in 2019

\*7 Figures and employees only from the Company

**Oslo, 30 March 2023**  
The Board of Directors and CEO of Carbon Transition ASA

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Nina Skage  
Chair

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Ketil Skorstad  
Director

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Torstein Sanness  
Director

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Nils Haugestad  
Interim CEO





To the General Meeting of Carbon Transition ASA

## Independent auditor's assurance report on report on salary and other remuneration to directors

### Opinion

We have performed an assurance engagement to obtain reasonable assurance that Carbon Transition ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2022 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

### Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

### Our Independence and Quality Management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but



not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 30 March 2023  
**PricewaterhouseCoopers AS**

Martin Alexandersen  
State Authorised Public Accountant  
(electronically signed)

## ISAE 3000 Uavhengig attestasjonsuttalelse om le...

### Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Alexandersen, Martin H	BANKID_MOBILE	2023-03-30 06:57

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