

KCC STATEMENT ON REMUNERATION FOR 2022

Declaration regarding the determination of salary and other remuneration to management employees pursuant to the Norwegian public limited liability Act § 6-16a

1. Introduction

1.1. Background

This remuneration report (the "Report") is prepared by the Board of Directors of Klaveness Combination Carriers ASA (the "Company") in accordance with the Norwegian Public Limited Liability Companies Act (the "Companies Act") Section 6-16 b with regulations. The Report contains information regarding remuneration to previous, present and future leading personnel of the Company ("Senior Executives") for the financial year of 2022 in line with the applicable requirements.

The Company considers the CEO and the CFO to be comprised by the term "leading personnel" under the Companies Act. KCC has no employee representatives in the Board of Directors.

1.2. Highlights summary

The CEO's and the CFO's salaries were adjusted by 3.89% and 4.03% respectively from 1 July 2022 slightly below the general salary increase in Norway of 4.1%¹. Bonus for the CEO is capped at 12 months salary and 9 months for the CFO. Due to strong financial results and return on equity above 20% in 2022, the bonus caps were reached, and the Board of Directors resolved in February 2023 to distribute bonus to the CEO of NOK 3,405,000 (holiday pay for 2024 included), while the bonus to the CFO was NOK 1,805,625 (holiday pay for 2024 included). Provisions were made in the financial accounts for 2022, while it is payable in 2023. See Section 5 for more information regarding remuneration guidelines and assessment of 2022. The last 1/3 of the share option program established for the CEO and CFO in December 2019 vested in December 2022.

There have not been any changes in the definition of leading personnel in 2022. The remuneration Guidelines were updated and approved by the Annual General Meeting in April 2022 and have not been updated during the year.

1.3. Overview of the last financial year

Klaveness Combination Carriers ASA (KCC) on a consolidated basis had an adjusted EBITDA of USD 107.0 million in 2022 (2021: USD 61.8 million), Profit of USD 60.9 million (2021: USD 22.6 million) and ROE of 21.3% (2021: 10.3%). KCC paid 81 cents per share in dividends during 2022 (2021: 15 cents/share) in line with the dividend policy. The financial results were positively impacted by in general strong underlying markets. The average TCE-earnings for the fleet ended at USD 29,764/day for 2022, an increase of 42% compared to average 2021 TCE-earnings. TCE-earnings were in line with the comparable standard product tanker earnings for the year and x1.3-1.5 to that of comparable standard dry bulk vessels. OPEX were quite stable from 2021 to 2022. Liquidity and solidity improved through the year and at year-end 2022 the equity ratio was 46% (2021: 40%) and available liquidity (included undrawn and available capacity under revolving credit facilities and an overdraft facility) was USD 109.8 million (2021: USD 101.5 million).

2022 was the first year with the full CLEANBU fleet in operation. The development of the CLEANBU concept continued to improve with increased number of trades, customers, and dry-wet switches, resulting in 87% combination trading and 13% ballasting in 2022.

From May 2022 the entire CABU fleet was employed in trades to/from Australia, where the CABU fleet over time has generated the highest earnings. Booking of caustic soda contract volumes made in Q4 2022 for 2023 reached record higher number of cargoes and at substantially higher freight rates compared to booking made in Q4 2021 for 2022, reflecting the strong product tanker market.

¹ Preliminary report from Det Tekniske beregningsutvalg for inntektsoppkjørene (TBU) February 2023

Sustainability is a core in all activities in KCC from strategic decisions to daily operations. The Energy Efficiency Operational Index (EEOI) of 6.9 for 2022 improved by 7% from 2021, and the average CO₂ emissions per vessel-year improved by 5% from 2021. KCC received a B score for climate change from CDP for the second year in a row.

2. Total remuneration for Senior Executives

2.1. Introduction

The table in Section 2.2 Remuneration of Senior Executives for the reported financial year below contains an overview of the total salary and pension received by the Senior Executives during the reported year (2022), as well as bonus that was awarded for the financial year 2022 but paid in 2023. Only remuneration earned on the basis of the Senior Executives role as a leading person is comprised.

Table 1 BIS "Remuneration of Directors for the reported financial year from undertakings of the same group" in the EU Commission's Guidelines on the standardised presentation of the remuneration report is not applicable for KCC as the Senior Executives have not received remuneration from other group companies and have hence not been included in this report.

2.2. Remuneration of Senior Executives for the reported financial year

Name and position (<i>'000 USD</i>)	1. Fixed remuneration			2. Variable remuneration		3. Extra-ordinary items	4. Pension expense	5. Total Remuneration	6. Proportion of fixed and variable remuneration (1 and 2)
	Base salary ¹	Fees	Fringe benefits ¹	One-year variable ²	Multi-year variable ³				
Engbret Dahm CEO	370	-	-	301	-	-	15	686	55%/45%
Liv H. Dynnes CFO	260	-	-	159	-	-	15	434	62%/38%

¹ The CEO and CFO have free mobile phone, broadband and travel- and health insurance in line with the benefits of other employees in the Company. The services are partly taxed. The value is immaterial and included in the Base salary figures. Base salary includes holiday pay on the bonus paid in 2021.

² The table reflects bonus for 2022 paid in 2023. Not included holiday pay payable in 2024 as the holiday pay for the bonus is included in the Base salary the following year. Provisions were made in the 2022 financial accounts for the bonus for the CEO and CFO. Formula bonus reached the cap of 12 months salary for the CEO and 9 months salary for the CFO for the financial year 2022, hence no discretionary element was granted to the Senior Executives for the financial year 2022. Note 7 to the financial accounts for 2022 includes the bonus for 2021 paid in 2022, hence these figures are not identical to the figures in table 2.2 above.

³ A share option program was established for the CEO and CFO in December 2019. No share options have been awarded YTD 2022, see Section 3 for more information on the share option program.

3. Share-based remuneration

3.1. Introduction

The table in Section 3.2 Share options granted or offered to the Senior Executives for the reported financial year below contains information on the number of share options granted or offered for the reported financial year (2022) and share options granted earlier years that have not expired. The main conditions for the exercise of the rights including the exercise price and date and any change thereof are included in the table.

Table 3 "Shares awarded or due to the Directors for the reported financial year" in the EU Commission's Guidelines on the standardised presentation of the remuneration report is not applicable for KCC as the Senior Executives have not received shares and the table has hence not been included in this report.

3.2. Share options granted or offered to the Senior Executives for the reported financial year

The CEO and the CFO were granted 38,580 and 26,700 options respectively in December 2019, each option of one share each. The options vest over a period of three years from the grant date, 1/3 per year and first vesting one year after the grant date. Exercise period is five years.

Name and position	The main conditions of share option plans							Information regarding the reported financial year					
	1 Specification of plan	2 Performance period ¹	3 Award date	4 Vesting Date	5 End of holding period ²	6 Exercise period	7 Strike price of share ³	Opening balance	During the year		Closing balance		
								8 Share options awarded at the beginning of the year ⁴	9 Share options awarded	10 Share options vested ⁵	11 Share options subject to a performance condition	12 Share options awarded and unvested ⁵	13 Share options subject to a holding period
Engebret Dahm CEO	Plan granted 4 Dec 2019	1 Jan 2022 – 31 Dec 2022	4 Dec 2019	4 Dec 2020	4 Dec 2024	4 Dec 2020-4 Dec 2024	NOK 46.14	# 12,860	-	-	-	-	-
				4 Dec 2021	4 Dec 2024	4 Dec 2021-4 Dec 2024	NOK 46.14	# 12,860	-	-	-	-	-
				4 Dec 2022	4 Dec 2024	4 Dec 2022-4 Dec 2024	NOK 46.14	# 12,860	-	#12,860/ NOK 65.2	-	-	-
Total								# 38,580	-	#12,860/ NOK 65.2	-	-	-
Liv H. Dyrnes CFO	Plan granted 4 Dec 2019	1 Jan 2022 – 31 Dec 2022	4 Dec 2019	4 Dec 2020	4 Dec 2024	4 Dec 2020-4 Dec 2024	NOK 46.14	# 8,900	-	-	-	-	-
				4 Dec 2021	4 Dec 2024	4 Dec 2021-4 Dec 2024	NOK 46.14	# 8,900	-	-	-	-	-
				4 Dec 2022	4 Dec 2024	4 Dec 2022-4 Dec 2024	NOK 46.14	# 8,900	-	# 8,900/ NOK 65.2	-	-	-
Total								# 26,700	-	# 8,900/ NOK 65.2	-	-	-

1 Period reported for = financial year 2022

2 End of holding period = end of exercise period

3 The strike price to be reduced with dividends paid by the Company. Strike price included in the table is not adjusted for dividends paid

4 All options were awarded in 2019

5 Share price per year-end 2022. 1/3 vested in 2022. All options vested in 2020-2022

4. Any use of the right to reclaim

The Company has not had the possibility to reclaim and has not reclaimed variable remuneration during 2022.

5. Information on how the remuneration complies with the remuneration guidelines and how performance criteria were applied

The 2022 bonus is fully based on formula bonus with no discretionary element as the bonus caps were reached under the formula bonus. The formula bonus is based on return on equity, where the caps are reached at return on equity of 20%. The assessment for a discretionary element, when applicable, is hence not elaborated in this report. Please see separate document with Remuneration Guidelines for more information on how performance criteria apply to remuneration of Senior Executives.

6. Derogations and deviations from the remuneration guidelines and from the procedure for its implementation

The Company has not deviated from the procedure for the implementation of the Remuneration Guidelines and has not derogated from the Remuneration Guidelines itself in 2022 related to remuneration of leading personnel.

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

The table below contains information on the annual change of remuneration of each individual Senior Executive, of the performance of the Company and average remuneration on a full-time equivalent basis of employees of the Company other than Senior Executives over the five most recent financial years.

Annual change ¹	2020-2019	2021-2020	2022-2021
Senior Executive's remuneration ²			
Engebret Dahm, CEO (Δ '000 USD/ % change)	+95/28%	+124/29%	+131/24%
Liv H. Dyrnes, CFO (Δ '000 USD/ % change)	+38/15%	+65/22%	+71/20%
Company performance			
Adjusted EBITDA (Δ '000 USD/ % change)	+22,030/80%	+12,265/25%	+45,173/73%
Profit/(loss) (Δ '000 USD/ % change)	+14,585/2443%	+7,418/49%	+38,269/169%
ROE (%-points change)	+6.8%-points	+3.2%-points	+11.0%-points
EEOI (grams CO ₂ /(tons cargo x nautical miles) (absolute change/ % change)	-0.5/6% improvement	0/0%	-0.5/7% improvement
CO ₂ emissions/vessel (metric tons CO ₂ /vessel-years) (absolute change/ % change)	+800/4% higher emissions	-1,900/9% lower emissions	-900/5% lower emissions
Average remuneration on a full-time equivalent basis of employees ³			
Employees of the Group (Δ '000 USD/ % change)	-5/-3%	+24/15%	+19/10%

¹ KCC was established in 2018 and listed in May 2019, hence the years prior to 2019 have not been included in the table. The CEO's and the CFO's employment contracts were transferred from a related company in the Torvald Klaveness Group from 1 February 2020 and 1 April 2020 respectively. Comparable remuneration figures from the former employer in the Torvald Klaveness Group have been used for 2019 and part of 2020. Remuneration in NOK to CEO and CFO. Remuneration in NOK and SGD to other employees, hence USDNOK and USDSGD exchange rate changes impact the figures. Average 2019 USDNOK=8.80 and USDSGD=1.35. Average 2020 USDNOK=9.43 and USDSGD=1.32. Average 2021 USDNOK=8.60 and USDSGD=1.35. Average 2022 USDNOK=9.62 and USDSGD=1.38, year-end USDNOK=9.91 used for bonus calculation.

² Includes "Base salary", "One-year variable" (bonus) and "Pension expense" as per item 5 in table under Section 2.2. Remuneration of Senior Executives for the reported financial year.

³ Includes nine employee-years in 2022, eight employee-years in 2020 and 2021 and five employee-years in 2019. Annualized for employees starting during the year and leaving during the year. Four employees were transferred to the group from related companies in the Torvald Klaveness Group in 2021 and three in 2020. Remuneration for these employees in the related companies has been included in the figures for 2019, part of 2020 and 2021 for comparison purposes. Remuneration in NOK and SGD, see note 1.

8. Information on shareholder vote

The Annual General Meeting of Klaveness Combination Carriers ASA was held as an electronic meeting at 15:00 CEST on 29 April 2022. Approval of Remuneration Guidelines was handled as item 4 in the Annual General Meeting and approval of the Remuneration Report was handled as item 5. Below table presents the voting results.

KLAVENESS COBINATION CARRIERS ASA GENERAL MEETING 29 April 2022

Som registreringsansvarlig for avstemmingen på generalforsamlingen for aksjonærene i selskapet avholdt den 29 april 2022, BEKREFTES HERVED at resultatet av avstemmingen er korrekt angitt som følger:-

Totalt antall stemmeberettigede aksjer: 52 331 922

	STEMMER FOR / FOR	%	STEMMER MOT / AGAINST	%	STEMMER AVSTÅR / ABSTAIN	STEMMER TOTALT	% AV STEMME-BERETTIG KAPITAL AVGITT	IKKE AVGITT STEMME I MØTET
1	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
2	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
3	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
4	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
5	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
7	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
8	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
9	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
10	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
11	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
12	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
13	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
14	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060
15	28 157 861	100,00	0	0,00	0	28 157 861	53,81 %	1 060

Freddy Hermansen
 DNB Bank ASA
 Issuer Services

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of Klaveness Combination Carriers ASA

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Klaveness Combination Carriers ASA's 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 control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains 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, 31 March 2023
ERNST & YOUNG AS

The auditor's assurance report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

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Johan Nordby

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5997-4-729076

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