KCC GUIDELINES FOR REMUNERATION TO THE SENIOR EXECUTIVES

These guidelines regarding remuneration to the Senior Executives have been prepared by the Board of Directors of Klaveness Combination Carrier ASA (the "**Company**") in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16a and related regulations. The guidelines have been prepared for approval by the Company's Annual General Meeting in 2022 and will apply until the Company's Annual General Meeting in 2026, unless amended or replaced earlier.

The changes from the guidelines approved by the Annual General Meeting 2021:

- The existing bonus scheme has been extended and applies for the years 2022-2023
- Updated information related to a potential new long-term incentive program
- Summary of the decision-making process

Who does the guidelines apply to

These guidelines apply to remuneration to Senior Executives in the Company. For the purposes of these guidelines, Senior Executives include CEO, CFO, and other Senior Executives when relevant.

Purpose and general remuneration principles

The guidelines constitute a framework for remuneration to Senior Executives and the main general principles are:

1. The Company's remuneration principles shall be designed to ensure responsible and sustainable remuneration decisions that support the Company's business strategy and progress towards and achievement of goals, long-term interests, profitability and sustainability and long-term growth in share-holder value
2. To this end, salaries and other employment terms shall enable the Company to retain, develop and recruit skilled Senior Executives with relevant experience and competence
3. The remuneration shall be on market terms, simple and transparent, competitive while well-balanced, and reflect the performance and responsibilities of individual Senior Executives

In the preparation of the Board of Directors' proposal for these guidelines, remuneration and employment conditions for employees of the Company have been taken into account by considering the employees' total income, the components of the remuneration, and its conditions when evaluating whether the guidelines and limitations set out herein are reasonable.

Remuneration for Senior Executives must be duly adjusted to comply with any local mandatory rules in the jurisdiction of their employment and may be duly adjusted to comply with established local practice, taking into account, to the extent possible, the overall purpose of the guidelines.

Elements of remuneration

The remuneration to the Senior Executives covered by these guidelines consists of:

- Fixed cash salary
- Annual variable cash salary
- Long-term incentive program
- Pension, insurances and other benefits

Principles for fixed cash salary

The fixed cash salary shall be in line with market conditions for corresponding jobs in the industry, be competitive, and shall take into account the scope and responsibility associated with the position, as well as the skills, experience, and performance of each Senior Executive.

Principles for annual variable cash salary

Variable cash salary (i.e. cash bonuses) shall be based on a set of predetermined and measurable performance criteria that reflect the key drivers for pursuing the Company's business strategy and progress towards and achievement of goals both related to overall and financial performance. Individual performance including strong and development-oriented leadership execution and operating in accordance with the Company's values and ethical standards are part of the evaluation. Short-term key performance criteria are linked to:

Name of goal	Description
1. Health and safety of crew and vessels	No "red flags" in commercial and technical operation of KCC's vessels and related to safety
2. Profitability and cash generation	Meet identified targets for ROCE/ROE, TCE-earnings per day and premium to earnings of standard tanker vessels
3. Decarbonization	Deliver on the 2022 decarbonization targets and show progress towards the 2030 decarbonization targets
4. Financing	Meet identified targets with respect to existing and new loans and bonds as well as raising new equity
5. Customer satisfaction and vetting	Improve customer vessel/office vetting performance to identified targets. Maintain customer acceptance of oldest vessel class. No rejection of any vessel based on performance
6. Commercial development	Meet targets for conclusion of current and new contracts of affreightment (COAs), targets for contract coverage/contract cargo volumes, combination trading, expansion of customer acceptance and establishment of new combination trades

The bonus scheme was evaluated in 2021 and extended for the years 2022 and 2023 in line with the existing scheme. Bonus is distributed on an annual basis and is divided into two: i) Formula bonus based on return on equity for the relevant year, and ii) Discretionary element. The discretionary element is based on goal achievement and individual performance. Any discretionary bonus to the CEO to be set by the Board. The cap payment is set at 12 months fixed annual cash salary for the CEO and nine months for the CFO. If not employed for a full year, the cap will be pro-rated according to number of months employed. Full pay out under the cap for the formula element is reached at 20% return on equity and in such a situation no discretionary element is given as cap is reached.

Principles for long-term incentive program

The Company has in place a share option long-term incentive program for the Senior Executives, and the Board of Directors intends to continue to have in place such a program or another long-term incentive program. In the Board of Directors' view, a long-term incentive program forms an important part of the total compensation for Senior Executives. It allows the Company to retain and hire the talent it needs for further growth and is aligned with the shareholder interests of long-term growth in shareholder value. The right to participate in a long-term incentive program is based on an assessment of each employee and the role of that employee.

In the current share option program granted in December 2019, 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. Vested options may be exercised at any time as long as the option holder acts within all applicable securities legislation and internal guidelines and is still employed by the Company. The Company is entitled to, rather than issuing shares, to settle in cash. Options that are not exercised during, or on the date of final expiry, lapse without compensation to its holder. Unvested options immediately lapse and expire when an employee becomes a former employee, while the vested options will lapse on the date four months after the employee becomes a former employee as long as this complies with applicable securities legislation. The exercise price is set in NOK based on the average close trading price of the Company's share the last ten days before the grant date. The option holder is responsible for any tax obligations incurred by the option holder as a result of the acquisition and exercise of the options. The option scheme includes provisions related to public offers and mergers and adjustments related to changes in share capital among others.

The CFO and the CEO were granted 38,580 and 26,700 options respectively, in December 2019. Each option of one share each and in total equal to 0.1% of the Company's share capital. Exercise price at grant date was NOK 46.14 and will be adjusted for dividends paid. The fair value based on the Black-Scholes method of the options granted was USD 128k at the date of grant. Fair value of the total number of options (all three years) compared to base salary for one year was approximately 20% for both the CEO and the CFO at the date of the grant. The last 1/3 of the options vests in December 2022, and the Board of Directors' intention is to implement a new long-term incentive program starting from 2023. A new long-term incentive program aims at aligning the long-term interests of the shareholders and the Senior Executives related to issues such as sustainability/decarbonization, the development in the share price and/or dividend and long-term development of the Company's activities. In addition, the program should be aligned with the structure of listed peers, and relatable for public owners investing in shipping. The new long-term incentive program is subject to approval by the Annual General Meeting 2023 through updated remuneration guidelines.

Principles for pension, insurance and other benefits

Senior Executives are included in the Company's standard pension and insurance schemes on the same terms and conditions as all other employees. Including cover in the event of illness, disability or death. The following defined-contribution pension scheme applied as of March 2022:

- Savings rate of 5% of salary from 0 to 12 G (G = National Insurance basic amount).
- In addition, 15% of salary between 7.1 and 12 G is saved
- The total savings rate between 7.1 and 12 G is therefore 20 per cent

The Senior Executives are eligible for other benefits, such as a mobile phone with subscription and internet as all other employees.

Non-financial benefits shall be based on market terms and shall facilitate the duties of Senior Executives. The Company aims to have a sufficiently competitive salary and incentive programs and limited additional non-financial benefits. Any non-financial benefits, beyond what is offered to the entire workforce of the Company, shall be reviewed and approved by the Board of Directors. Such benefits shall represent a relatively low proportion of the overall remuneration package.

Decision-making processes

The Board of Directors makes all decisions regarding remuneration of the CEO and the principles for the annual variable cash salary and the long-term incentive program for both the CEO and the CFO. The CEO makes all other decisions that impact the remuneration of other Senior Executives. The Board of Directors' involvement in the decision-making process reduces the risk of conflicts of interest.

Preparation and review of these guidelines

These guidelines have been prepared by the Board of Directors and approved by the Board of Directors. When the need arises for significant changes in the guidelines, but at least every fourth year, the Board of Directors shall prepare a proposal for guidelines for resolution by the Annual General Meeting. The Annual General Meeting shall decide on such proposals. Resolved guidelines may also be amended by way of resolution by general meetings other than Annual General Meetings.

Termination of employment

The current Senior Executives have notice periods of three or six months and the CEO is guaranteed 12 months cash salary if his employment contract is being terminated by the Company.

Derogations from these guidelines

The Board of Directors may temporarily resolve to derogate from these guidelines, in whole or in part, if in a specific case there is a special cause for such derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.