

A large offshore oil rig is shown at sea under a clear blue sky. The rig has multiple levels with yellow railings and a tall crane on the left. The rig is white and blue. The text "DIRECTOR AND EXECUTIVE REMUNERATION REPORT" is overlaid in white, bold, uppercase letters in the top right corner.

**DIRECTOR AND EXECUTIVE
REMUNERATION REPORT**

2 0 2 2



Prosafe

1. INTRODUCTION

1.1 BACKGROUND

This remuneration report (the "Report") is prepared by the Board of Directors of Prosafe SE (the "company" or "Prosafe") in accordance with the Norwegian Public Limited Liability Companies Act (the "Companies Act") Section 6-16 b and associated regulations. The report contains information regarding remuneration to Board members and leading personnel of the company ("Executives") for the financial year of 2022 in line with the applicable requirements.

The company considers the Chief Executive Officer ("CEO") and the other members of the company's executive management team to be comprised by the term leading personnel under the Companies Act. These are the CEO, Chief Financial Officer ("CFO") and the Chief Operating Officer ("COO"). There are no employees who are members of the Board of Directors of the company and the company does not have a corporate assembly.

1.2 HIGHLIGHTS SUMMARY

In 2022, the DCEO&CFO, Stig H. Christiansen resigned and was replaced by Reese McNeel as the CFO in Prosafe's executive management team. The executive management team consists of Jesper Kragh Andresen, CEO, Reese McNeel, CFO and Ryan Duncan Stewart, COO. In 2022, the remuneration was consistent with the principles applied from previous years with the exception of the introduction of the long-term incentive program in the total remuneration package.

The total remuneration package for the executive management may consist of the following components:

1. Gross annual salary
2. Variable pay
 - a) Short-term Incentive Program ('STIP')
 - b) Long-term Incentive Program ('LTIP')
3. Pension and insurance
4. Other benefits

The variable pay of the executive management is performance related and linked to the operations and development of the company for the purpose of sustainable value creation for shareholders. It is aligned to the company's strategy, as set by the Board, and subject to the ethics and values of the company.

The variable pay consists of annual STIP and LTIP. The purpose of the STIP is to motivate for near term performance above expectations on relevant aspects of the company's business operations and development. The purpose of the LTIP is to ensure continuous focus on consistent value creation to align with shareholder interests.

The variable pay schemes shall be subject to reclaim provisions to enable the company to claim back variable pay amounts paid to an executive if it is identified that the performance assessment or the calculation of variable pay was based on incorrect information provided by the individual or if the executive has engaged in gross misconduct or exercised materially imprudent judgement that has caused, or could have caused, harm to the company. The Board may also reduce or eliminate STIP at its discretion.

a) Short-term Incentive Program – STIP

The company's STIP shall give executive management the possibility to earn variable pay upon meeting the targets set as part of the annual performance management process. The targets normally comprise financial, operational, commercial, and strategic elements which are key to driving the value of the company and shall be defined and used for the calculation of variable pay.

Approximately 70% of the total STIP is based on the achievement of targets and 30% is at the discretionary allocation of the Board of Directors.

Objectives in the performance management system are chosen to contribute to the sustainable development of the company and will typically include:

- Profitability and cash generation
- Key health and safety indicators
- Improvement of operational efficiency
- Emissions reduction initiatives
- Commercial outperformance
- Strategic initiatives

b) Long-term Incentive Program – LTIP

The LTIP is used to ensure long-term focus, consistent shareholder value creation and retention of executives.

Prosafe currently has a share option programme. To reduce the risk of an unrepresentative financial result, the dates of vesting, issuing and exercising of the options are spaced out over time.

The exercise of options in any given year is limited to such number as will represent a profit for the executive (market price less the subscription price at the date of exercise times the number of options exercised) of five times his/her fixed cash remuneration in such year.

1.3 OVERVIEW OF THE LAST FINANCIAL YEAR

During 2022, the company experienced high fleet activity, increased order backlog and improved financial results from its operations. This was driven by a strong oil price as well as increased maintenance activity by operators.

The Board's assessment is that the executive management have managed the company well through a year of increased activity and improved financial performance.

2. TOTAL REMUNERATION FOR DIRECTORS AND EXECUTIVES

2.1 INTRODUCTION

The tables in Section 2.2(a) and (b) below contain an overview of the total remuneration granted/awarded to the Board of Directors of Prosafe SE and executives for the current and previous financial year.

2.2(a) Remuneration of the Board of Directors

The remuneration of Board members is intended to reflect the respective members' responsibilities, expertise, time commitments and the complexities of the company's activities. In cases where Board members take on specific assignments for the company not part of their responsibilities as a Board member, the other Board members must be notified immediately and, if the assignment is of a substantial nature, this will explicitly be stated in the notes to the consolidated accounts. Details of the remuneration of individual Board members are available below and in the notes to the consolidated accounts. The Board members are not entitled to performance-related compensation and have not been granted share options.

Set out below are details of the fees paid to directors and shares in the Group held by Board of Directors for the reporting financial years 2022 and 2021.

Name of Director and position	Year	Board Fees (USD 1,000)	Audit Committee Fees (USD 1,000)	Compensation Committee Fees (USD 1,000)	Other Fees (USD 1,000)	Total Remuneration (USD 1,000)	No of shares owned
Glen Ole Rødland, Non-Executive Chairman	2022	110	4	NA	1	115	100,000
	2021	110	10	NA	2	122	0
Alf C. Thorkildsen, Non-Executive Deputy Chairman (Deputy Chairman from February 2022)	2022	82	NA	10	2	94	0
	2021	68	NA	10	0	78	0
Birgit Aagaard-Svendsen, Non-Executive Director	2022	68	20	NA	7	95	3
	2021	68	20	NA	3	91	3
Nina Udnes Tronstad, Non-Executive Director	2022	68	NA	15	2	85	6,000
	2021	68	NA	15	1	84	0
Halvard Idland, Non-Executive Director (from May 2022)	2022	44	6	NA	2	52	0

2.2(b) Remuneration of Executives for the reported financial year 2022 and 2021

Name and position	Year	Fixed remuneration (USD 1,000) Base Salary	Fixed remuneration (USD 1,000) Fringe benefits	Variable remuneration (USD 1,000) One-year variable	Variable remuneration (USD 1,000) Multi-year variable	Extra-ordinary items (USD 1,000)	Pension expense (USD 1,000)	Total Remuneration (USD 1,000)	Proportion of fixed and variable remuneration
Jesper Kragh Andresen, CEO	2022	357	19	95	NA	NA	43	514	82/18
	2021	396	21	290	NA	NA	33	740	61/39
Stig H. Christiansen, DCEO & CFO (until May 2022)	2022	141	8	0	NA	NA	17	166	100/0
	2021	376	21	284	NA	NA	31	712	60/40
Reese McNeel, CFO (from August 2022)	2022	131	NA	60	NA	NA	17	208	71/29
Ryan Duncan Stewart, COO	2022	342	2	95	NA	NA	34	473	80/20
	2021	378	3	179	NA	NA	37	597	70/30

3. SHARE-BASED REMUNERATION

3.1 INTRODUCTION

The table in Section 3.2 contains an overview of the share options granted to the executives for 2022. No share options for executives were granted in 2021.

3.2 SHARE OPTIONS GRANTED OR OFFERED TO EXECUTIVES FOR THE REPORTED FINANCIAL YEAR

Name and position	The main conditions of share option plans						Information regarding the reported financial year				
	Specification of plan	Award date	Vesting date	End of retention period	Exercise period	Exercise price of share	Opening balance	During the year	During the year	Closing balance	Closing balance
							Share options held at the beginning of the year	Share options awarded	Share options vested	Share options awarded and unvested	Share options subject to a retention period
Jesper Kragh Andresen CEO	Option to purchase 150,000 shares in 3 tranches of 50,000 each	11 May 2022	9 Feb 2024 9 Feb 2025 9 Feb 2026	9 Feb 2027	Options can be exercised after the vesting date for each tranche and must be exercised one year after the last vesting date tranche	NOK 83.0	–	150,000	–	150,000	–
Ryan Duncan Stewart COO	Option to purchase 100,000 shares in 3 tranches of 33,333 each (Last tranche 33,334)	11 May 2022	9 Feb 2024 9 Feb 2025 9 Feb 2026	9 Feb 2027		NOK 83.0	–	100,000	–	100,000	–
Reese McNeel CFO	Option to purchase 100,000 shares in 3 tranches of 33,333 each (Last tranche 33,334)	19 Aug 2022	18 Aug 2024 18 Aug 2025 18 Aug 2026	18 Aug 2027		NOK 237.5*	–	100,000	–	100,000	–

* On 28 March 2023, the Board decided to amend the strike price of the 100,000 options for Reese McNeel to the market price of NOK 146.50. The new strike price corresponds to the volume-weighted average price (VWAP) of a share between the opening and closing of trading for the 10 trading days between 10 March and 23 March 2023.

4. ANY USE OF THE RIGHT TO RECLAIM VARIABLE REMUNERATION

This provision has not been applied in the years 2022 and 2021.

5. INFORMATION ON HOW THE REMUNERATION COMPLIES WITH THE REMUNERATION POLICY

With respect to the application of the performance criteria, information is provided in the table below.

Name and position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	Measured performance	Actual award/remuneration outcome
Jesper Kragh Andresen, CEO	Meeting Operational KPIs	11%	0% of max	0
	Commercial Targets	28%	28% of max	25,000
	Improve Financing	8%	0% of max	0
	LT strategic projects	31%	0% of max	0
	Discretionary	22%	100% of max	70,000
Ryan Duncan Stewart, COO	Meeting Operational KPIs	24%	0% of max	0
	Commercial Targets	44%	25% of max	25,000
	Discretionary	32%	100% of max	70,000
Reese McNeel, CFO	Meeting Operational KPIs	12%	0% of max	0
	Improve Financing	29%	0% of max	0
	LT strategic projects	25%	0% of max	0
	Commercial Targets	5%	0% of max	0
	Discretionary	29%	100% of max	60,000

6. DEROGATIONS AND DEVIATIONS FROM THE REMUNERATION POLICY AND FROM THE PROCEDURE FOR ITS IMPLEMENTATION

For the year 2022, there were no deviations from the remuneration policy.

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 director and executive, of the performance of the company and average remuneration on a full-time equivalent basis of employees of the company other than executives over the five most recent financial years.

Annual change	2018 vs 2017		2019 vs 2018		2020 vs 2019		2021 vs 2020		2022 vs 2021	
	USD 1,000	%	USD 1,000	%	USD 1,000	%	USD 1,000	%	USD 1,000	%
<i>Director's and Executive's remuneration</i>										
Glen Ole Rødland Non-Executive Chairman	+7	+5%	-16	-11%	-8	-6%	+2	+2%	-7	-6%
Alf C. Thorkildsen Non-Executive Director (from May 2020) and Deputy Chairman from (May 2021)	NA ¹	NA ¹	NA ¹	NA ¹	+51	N.M ²	+27	N.M ²	+16	+21%
Birgit Aagaard-Svendsen Non-Executive Director (from May 2017)	+29	N.M ²	-6	-6%	-8	-8%	-2	-2%	+4	+4%
Nina Udnes Tronstad Non-Executive Director (from May 2019)	NA ¹	NA ¹	+57	N.M ²	+26	N.M ²	+1	+1%	+1	+1%
Halvard Idland Non-Executive Director (from May 2022)	NA ¹	NA ¹	NA ¹	NA ¹	NA ¹	NA ¹	NA ¹	NA ¹	+52	N.M ²
Jesper Kragh Andresen CEO	+390	+76%	-418	-46%	-2	0%	+255	+53%	-226	-31%

Annual change	2018 vs 2017		2019 vs 2018		2020 vs 2019		2021 vs 2020		2022 vs 2021		
	USD 1,000	%	USD 1,000	%	USD 1,000	%	USD 1,000	%	USD 1,000	%	
<i>Director's and Executive's remuneration</i>											
Reese McNeel CFO (from August 2022)	NA ¹	NA ¹	NA ¹	NA ¹	NA ¹	NA ¹	NA ¹	NA ¹	NA ¹	+208	N.M ²
Ryan Duncan Stewart COO from August 2020 (CCO prior to that)	+188	+50%	-11	-2%	-85	-15%	+131	+28%	-124	-21%	
Stig H. Christiansen DCEO & CFO (left in May 2022)	+298	+62%	-280	-36%	-29	-6%	+246	+53%	-546	N.M ²	
Jens O. Berge Ex COO. End 2017 -April 2019	+809	N.M ²	-703	N.M ²	NA ¹	NA ¹	NA ¹	NA ¹	NA ¹	NA ¹	
<i>Company's performance (USD mil)</i>											
EBITDA	+44	+36%	-70	-42%	-107	-110%	+34	+362%	+37	+147%	
Profit / (loss)	+533	+82%	-285	-249%	-550	-138%	+1,878	+198%	-926	-100%	
Backlog	-53	-15%	-133	-46%	+8	+5%	-10	-6%	+198	+130%	

¹ N.A. denotes Not Applicable. No data is available as the individual director/executive is not in service for the period.

² N.M. denotes Not Meaningful. The % change is not meaningful as the individual director/executive was not in service throughout the period resulting in incomparable data with the prior period.

Average remuneration on a full-time equivalent basis of onshore employees*

Onshore full-time employees of the company	2018	2019	2020	2021	2022
Employees of the Group	\$95,193	\$95,193	\$90,551	\$91,030	\$98,991

* Focus on onshore employees, as offshore employees may be engaged short term depending on nature of contract.

8. INFORMATION ON SHAREHOLDER VOTE

Pursuant to the Companies Act Section 6-16 b (3), this report shall explain the outcome of the general meeting's advisory vote regarding the report on salary and other remuneration to leading personnel for the previous year. However, as the Remuneration Policy was first approved by the general meeting on 11 May 2022 and no report was prepared for 2020, this requirement is not required.

28 March 2023

The Board of Directors of Prosafe SE

(original signed)

Glen Ole Rødland

Non-executive Chairman

Alf C. Thorkildsen

Non-executive Deputy Chairman

Birgit Aagaard-Svendsen

Non-executive Director

Nina Udnes Tronstad

Non-executive Director

Halvard Idland

Non-executive Director

Jesper K. Andresen

Chief Executive Officer



Prosafe

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