



DNO ASA

2022 REMUNERATION REPORT

1. Introduction

This remuneration report (the “Report”) provides an overview of remuneration of leading personnel in DNO ASA¹ for 2022. The Report is based on the Company’s remuneration guidelines that was approved by shareholders at the Annual General Meeting on 25 May 2022 (the “Remuneration Guidelines”), published on the Company’s website.

The main purpose of the Company’s remuneration policy is to contribute to the implementation of the Company’s overall business strategy in order to achieve the Company’s long-term objectives and maximize value creation for the Company and its shareholders by attracting, retaining and motivating highly qualified employees.

This Report complies with the requirements under sections 6-16a and 6-16b of the Norwegian Public Limited Liability Companies Act (the “Companies Act”).

The Report is available on the Company’s website for ten years from the time of publishing.

2. Overview of financial year 2022

Driven by high oil and gas prices and solid operational performance in 2022, DNO reported record revenues of USD 1,377 million and operating profit of USD 431 million tempered by non-cash North Sea impairments of USD 371 million. Following an all-time high free cash flow of USD 619 million, DNO exited the year with net cash of USD 388 million.

In 2022, the Company reduced its borrowings through bond repurchases of USD 264 million and repayment of USD 60 million under its reserve-based lending facility. Cash was returned to shareholders through quarterly dividends totaling USD 73 million and share buybacks totaling USD 12 million, representing a fourfold increase in shareholder distributions from a year earlier.

Gross operated Kurdistan production averaged 107,600 barrels of oil per day (bopd) in 2022, mostly coming from the Company’s flagship Tawke license (75 percent interest) in which the Peshkabir field contributed 62,000 bopd and the Tawke field 45,000 bopd. Coming on stream mid- 2022, the operated Baeshiqa license (64 percent) delivered the balance. Of the total, 80,700 bopd were net to DNO’s interests.

Elsewhere, net production from the North Sea averaged 13,300 barrels of oil equivalent per day (boepd). With an additional 3,300 boepd coming from the Company’s new West Africa assets offshore Côte d’Ivoire, the Company’s net production totaled 97,300 boepd across the portfolio.

At yearend 2022, the legacy Tawke field had delivered three consecutive quarters of production growth, the first quarterly increases since 2015 as new wells were drilled, workovers conducted on existing ones and gas injection continued to counter natural field decline. During the fourth quarter of 2022, DNO completed a USD 25 million expansion of the Peshkabir-to-Tawke gas project, Kurdistan’s only gas capture and enhanced recovery injection project. Since 2020, the project has captured 1.2 million tonnes of CO₂e through avoided flaring

In the North Sea, DNO and its license partners submitted field development plans for Andvare (32 percent) and Berling (30 percent). Two of six exploration wells drilled in 2022 led to commercial discoveries (Ofelia 10 percent and Kveikje 29 percent).

¹ DNO ASA and the companies in which it directly or indirectly owns are separate and distinct entities. However, in this report, the terms “DNO” and “Company” may be used for convenience where reference is made to those companies. Likewise, the words “we”, “us”, “our” and “ourselves” may be used with respect to the companies of the DNO Group.

At yearend 2022, DNO held 82 licenses across its portfolio. In Kurdistan, DNO continues to produce what are among the lowest cost barrels in the global oil and gas industry while the North Sea and West Africa offer growth opportunities. DNO remains committed to explore for and produce oil and gas in a commercially attractive but also socially responsible and environmentally sensitive manner.

3. Remuneration of the Board of Directors

The members of the Board of Directors of the Company (the "Board") receive remuneration as Board directors and as members of established Board committees. The general meeting approves the remuneration of the Board and the Board committees based on proposals presented by the Nomination Committee. The remuneration will normally be approved on an annual basis by the annual general meeting.

The remuneration of the Board members for financial year 2022 was based on the Remuneration Guidelines.

Board remuneration in 2022 and 2021:

Table 1a below provides information of total remuneration of each individual Board director and includes remuneration related to work undertaken in various Board committees.

Remuneration to the Board of Directors (USD thousand)		Fixed remuneration			Total	Proportion variable remuneration
Name, Title	Year	Fixed board remuneration	Other benefits	Remuneration for committee work		
Bijan Mossavar-Rahmani, Executive Chairman	2022	910		10	920	0%
	2021	823		10	833	0%
Gunnar Hirsti, Deputy Chairman ⁽¹⁾	2022	59		13	72	0%
	2021	53		13	66	0%
Lars Arne Takla, former Deputy Chairman ⁽²⁾	2022	24		2	26	0%
	2021	63		6	70	0%
Elin Karfjell, Director	2022	53		6	59	0%
	2021	53		6	59	0%
Anita Marie Hjerkin Aamæs, Director ⁽³⁾	2022	33		5	38	0%
	2021	0		3	3	0%
Shelley Watson, former Director ⁽⁴⁾	2022	48		12	60	0%
	2021	53		13	66	0%
Total	2022	1,127		48	1,175	0%
	2021	1,045		51	1,096	0%

Separately, a fee of USD 3,194 was paid to Kåre Tjønneland for service on the Nomination Committee.

(1) Deputy Chairman from June 2022.

(2) Former Deputy Chairman and member of the HSSE committee until May 2022. Member of Nomination committee from June 2022.

(3) Board member and member of the HSSE committee from June 2022.

(4) Former Board director and member of the audit and HSSE committee until November 2022.

Comparative information on the change of remuneration:

Table 1b below provides comparative information on the change of remuneration for each individual Board director over the five most recent financial year.

Increase/- decrease in total remuneration received from previous year (USD thousand and percentage)										
Name, Title,	2018		2019		2020		2021		2022	
	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %
Bijan Mossavar-Rahmani, Executive Chairman	54	7%	-28	-3%	-53	-6%	72	9%	87	10%
Gunnar Hirsti, Deputy Chairman	-7	-9%	-2	-3%	-4	-6%	6	10%	7	10%
Lars Arne Takla, former Deputy Chairman	4	6%	-2	-3%	-4	-6%	6	9%	-44	-63%
Elin Karfjell, Director	4	7%	-2	-4%	-4	-7%	5	9%	0	0%
Anita Marie Hjerkin Aamæs, Director									35	1096%
Shelley Watson, former Director	4	7%	-2	-4%	-4	-7%	12	22%	-6	-9%

General note: The Board remuneration to the Executive Chairman is nominated in USD, while the remuneration to the other Board directors is nominated in NOK and has been converted to USD using the average exchange rate for the year (2022 average: USD/NOK 9.61370). See also specific comments above.

4. Remuneration of Executive Management

The remuneration to Executive Management may consist of a fixed cash remuneration, variable cash remuneration, synthetic share scheme and pension benefits and other benefits and programs.

The remuneration of the Company's Executive Management, including the Managing Director, for financial year 2022 was based on the Remuneration Guidelines.

Remuneration of Executive Management in 2022 and 2021:

Table 2a below provides information of total remuneration of each individual leading person split by various components.

Remuneration to Executive Management (USD thousand)		Fixed remuneration			Variable remuneration		Total	Proportion variable remuneration
Name, Title	Year	Base Salary	Other benefits	Pension expense	One-year variable bonus	Synthetic shares		
Bjørn Dale, Managing Director	2022	639	82	20	258	84	1,083	32%
	2021	689	69	21	76	-	854	9%
Chris Spencer, Chief Operating Officer	2022	579	83	20	68	152	902	24%
	2021	577	53	21	66	29	746	13%
Haakon Sandborg, Chief Financial Officer	2022	426	44	20	33	67	591	17%
	2021	461	38	21	50	22	592	12%
Geir Arne Skau, Chief Human Resources and Corporate Services Officer	2022	378	68	20	37	68	571	18%
	2021	346	24	21	38	-	430	9%
Sameh Hanna, General Manager Kurdistan region of Iraq	2022	193	67	-	-	-	261	0%
	2021	-	-	-	-	-	-	0%
Ørjan Gjerde, General Manager DNO North Sea	2022	417	36	20	16	-	488	3%
	2021	439	37	21	49	16	562	11%
Total	2022	2,633	380	99	413	371	3,896	20%
	2021	2,512	221	105	279	67	3,184	11%

Total remuneration of USD 2.4 million (not included in the table above) was in 2022 paid to the following former members of the Executive Management: Nicholas Whiteley (former Chief Commercial Officer) and Tom Allan (former General Manager Kurdistan region of Iraq).

Sameh Hanna joined the Executive Management from August 2022.

Synthetic shares in the table above reflect synthetic shares that vested during the financial year. Other benefits include the pension share which exceeds the maximum legally allowable pension contribution.

Comparative information on the change of remuneration and Company performance:

Table 2b below provides comparative information on the change of remuneration for current Executive Management and former members of the Executive Management (shown as "Other") over the five most recent financial years compared to selected Company performance measures and average remuneration for employees in the Company.

Increase/- decrease in total remuneration received from previous year (USD thousand and percentage)										
Name, Title,	2018		2019		2020		2021		2022	
	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %
Bjørn Dale, Managing Director	440	57%	-237	-20%	-61	-6%	-62	-7%	229	27%
Chris Spencer, Chief Operating Officer	304	110%	29	5%	86	14%	50	7%	156	21%
Haakon Sandborg, Chief Financial Officer	204	48%	-76	-12%	76	14%	-41	-7%	-2	0%
Geir Arne Skau, Chief Human Resources and Corporate Services Officer	-	-	-	-	191	89%	25	6%	142	33%
Sameh Hanna, General Manager Kurdistan region of Iraq ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Ørjan Gjerde, General Manager DNO North Sea	-	-	-	-	83	20%	65	13%	-73	-13%
Other ⁽²⁾	-18	-1%	369	15%	1,209	48%	407	13%	740	43%
Company performance:										
Total revenues (USD million)	482	139%	142	17%	-357	-37%	389	63%	373	37%
EBITDA (USD million)	-97	-13%	-89	-14%	-227	-41%	284	88%	413	68%
Net production (kboepd)	16	22%	23	27%	-10	-9%	-6	-6%	3	3%
Average remuneration on a full-time equivalent basis of employees (USD thousand and percentage):										
	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %	Δ	Δ %
Employees of DNO ASA (excl. Executive Management) ⁽³⁾	51	24%	-34	-13%	-55	-24%	106	62%	64	23%

The remuneration for all members of Executive Management is nominated in NOK, except for the remuneration to Sameh Hanna which was in AED. The remuneration in NOK and AED has been converted to USD using the yearly average exchange rate for the relevant year (2022 average: USD/NOK 9.61370 and USD/AED 3.671).

Comments on increase or decrease in total remuneration prior to reporting year are described in the 2021 remuneration report. Increase/decrease in remuneration compared to last year is shown in the table 2a above.

(1) Joined the Executive Management from August 2022.

(2) The amount shown as other include at each yearend former members of the Executive Management who have been a part of the Executive Management during the relevant year but are not a part of the Executive Management at the date of issuing this report. See table 2a above.

(3) Calculation of average remuneration on a full-time equivalent (FTE) basis of employees (excluding Executive Management) is based on note 3 of the DNO Annual Report and Accounts 2022, parent company accounts (total reported payroll note 3 excluding remuneration to Executive Management divided by total FTE excluding Executive Management).

Synthetic shares to Executive Management:

Table 2c below provides information of synthetic share awards from 2019 and number of synthetic shares owned as of 31 December 2022 for each individual leading person.

Synthetic shares						
Name, Title, Synthetic shares owned as of 31 December 2022		Vested Award 2019	Award 2020	Award 2021	Award 2022	Unrestricted
Bjørn Dale Managing Director 36,094 Shares	Number of shares	0	73,992	0	36,094	0
	Value at vesting (TUSD)					
Chris Spencer Chief Operating Officer 1,449,166 Shares	Number of shares	32,339	478,752	0	1,095,215	379,265
	Value at vesting (TUSD)	29				
Haakon Sandborg Chief Financial Officer 950,145 Shares	Number of shares	24,255	59,193	146,354	774,786	30,409
	Value at vesting (TUSD)	22				
Geir Arne Skau Chief Human Resources and Corporate Services Officer 767,596 Shares	Number of shares	0	59,597	0	768,600	0
	Value at vesting (TUSD)					
Sameh Hanna General Manager Kurdistan region of Iraq 0 Shares	Number of shares	0	0	0	0	0
	Value at vesting (TUSD)					
Ørjan Gjerde General Manager DNO North Sea 11,696 Shares	Number of shares	17,305	0	0	11,696	0
	Value at vesting (TUSD)	16				
3,214,697 Shares		73,899	671,534	146,354	2,686,391	409,674
Award dates			20-02-2020/ 09-02-2020	20-05-2021	09-03-2023/ 27-05-2023	

5. Use of the right to reclaim remuneration

The Company may demand variable cash salary refunded to the same extent it may demand fixed cash salary refunded following expiry of the employment, typically in the event of erroneous payments or breach of contractual obligations. No remuneration has been reclaimed.

Auditor's assurance report 2022



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of DNO ASA

Opinion

We have performed an assurance engagement to obtain reasonable assurance that DNO 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".

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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, 15 March 2023
ERNST & YOUNG AS

The auditor's assurance report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

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"By my signature I confirm all dates and content in this document."

Jon-Michael Grefsrød

Statsautorisert revisor

On behalf of: Ernst & Young AS

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