

number one by nature



NEL
REMUNERATION
REPORT

2022

Title:

Nel Remuneration report 2022

Published date:

28 February 2023

info@nelhydrogen.com

+47 23 24 89 50

Karenslyst allé 49, PB 199 Skøyen,
0212 Oslo, Norway

The publication can be downloaded on

nelhydrogen.com

Table of contents

Remuneration report 2022

5	Introduction
6	2022 highlights – company's performance
8	Remuneration to Board of Directors and other committees
9	Remuneration to Group Leadership Team
14	Comparable information
17	Short-term incentive plan (STI): performance based pay
18	Long-term incentive plan (LTI): share-based payments

Introduction

PURPOSE OF THE REPORT

The purpose of Nel's executive remuneration approach is to encourage a strong and sustainable performance-based culture, which supports growth in shareholder value and delivery according to the company's strategy. This report is made according to the requirements in section 6-16a and 6-16b of the Norwegian Public Limited Liability Companies Act and Nel's executive remuneration.

The remuneration policy was approved by the General Meeting 15th of April 2021. This report describes how the policy has consequently been applied during 2022 and was approved by the Board of Directors (the "board") on 27th of February 2023 and is presented for advisory voting by the annual general meeting on 21st of April 2023.

PURPOSE OF THE REMUNERATION COMMITTEE

At Nel, a Remuneration Committee has been established to assist the board in evaluating the remuneration, composition and performance of the Group Leadership Team of Nel (executives).

The Committee shall ensure that the remuneration of the Group Leadership Team is competitive and appropriate. This includes an evaluation of the balance between the interests of the Company's shareholders and motivating to pursue long-term growth without promoting short-term or risky behavior.

APPLICATION OF THE REMUNERATION POLICY ON 2022

- Nel has applied the remuneration policy (approved 15th of April 2021) throughout 2022.
- No deviations from the policy have been made by the board.
- The company has not claimed back any paid remuneration to members of the Group Leadership Team during the year.
- No Group Leadership Team member received remuneration from other group undertakings other than their employment entity.

2022 highlights – company's performance

COMPANY PERFORMANCE 2022 HIGHLIGHTS

- Revenue and other operating income increased by 25% from 2021 to 2022.
- Order intake in 2022 was NOK 2 275 million (2021: NOK 967 million) which resulted in a record-high order backlog at end of 2022 of NOK 2 613 million, up 112% from 2021.

KEY CHANGES IN THE COMPOSITION OF LEADING PERSONS

The transition to the current CEO was announced early 2022 as the former CEO Jon André Løkke left Nel end of June 2022. The company continues to benefit from his deep competence and insight into the renewable hydrogen market in his capacity as board member. Håkon Volldal started in his position as CEO for Nel 1st July 2022.

The former CSO Jørn Rosenlund left the company during 2022 and was not replaced. The structure of the management team was adapted to reflect the needs for a growing renewable hydrogen electrolyser market and ensure the company deploys the required efforts to tackle the demand. The new CEO has been leading the development of the strategy with the involvement of the GLT and additional critical resources.

From March 2022, Nel counts 3 leading positions in the Nel management team for the Electrolyser division:

- the CCO – Chief Commercial Officer – Filip Smeets, leading Sales and business development activities globally with teams in Americas and EMEA / Asia. Filip transitioned from his position as SVP for the Electrolyser division.
- the COO – Chief Operating Officer – Esa Laukkanen leading the Electrolyser Operations in both Norway and the US and across technologies. Esa started in Nel in August 2022 with his strength leading with Lean management, manufacturing and automation. The position is based in the United States.
- the CPO – Chief Project Officer – Hans Hide leading the projects development, engineering and execution. Hans transitioned from his corporate role leading the projects expertise.



BACKGROUND

The company has a remuneration committee, which consists of 2 members from the board. The committee shall assist the board in exercising its oversight responsibility, in particular to compensation matters pertaining to the CEO and other members of the executive management, compensation issues of principal importance and strategic people process in the company, in particular related to succession, recruitment, talent as well as diversity and inclusion.

The committee currently consists of Hanne Blume as chair and Ole Enger as member. The committee has held 7 meetings with 100% meeting attendance in 2022. The committee was also involved in discussions related to the recruitment of strategic positions for Nel and key organizational adjustments through the year. The Remuneration Committee has onboarded the current CEO mid-2022.

In 2022, Nel implemented a Short-Term Incentive (STI) transitioning all employees from the former LTI share options program.

Current performance period	<p>Discontinued the previous share option program applicable to all employees.</p> <p>For the 2022, all employees were transitioned to a performance based Short Term Incentive program (STI). KPIs were set in a common Nel appraisal system for the first time early 2022. The STI is applicable to all employees in 2022 with a maximum of 1 month salary. The STI consists of a financial part of at least 30 % of the potential compensation under the program – directly linked to the company financial performance and an individual performance part with KPI linking to the overall expectations for the division of a specific area / department for the period of 2022.</p> <p>In the financial year 2022, a bridging compensation was paid based on employment in the second half of 2021 to align the program with the financial year. The 2022 financial year was the first full year of the program and the compensation for 2022 performance will be paid in 2023. The financial targets were not met for any employee.</p>
Governance activities	<p>Taking shareholder feedback received during engagement following the Annual General Meeting ("AGM") into program design for the new LTI program, in particular increasing the vesting period to 3 years).</p> <p>Established the governance for the implementation of the STI in the organization.</p> <p>Introducing the benchmarks approach in the different geographies and locations, learning from the challenges of recruiting and keeping critical resources in a candidate market pushing remuneration trends far outside the established standards in the industrial and renewable markets.</p> <p>Executing the STI for 2022 based on the common appraisal process for the individual performance and communicating a financial part of the STI being zero. Working with additional non-financial retention mechanisms including working environment.</p>
Future performance periods	<p>Reviewing the implemented STI and LTI programs for 2023 for consistency with the Nel's strategy. Nel will review the framework developed for the jobs ensuring the company has a model aligned to new roles and competency area emerging as central for Nel's development. This approach will ensure, Nel can attract and retain talent both employees and leaders. After review, the company will implement an adapted market benchmarked remuneration approach in 2023.</p> <p>For the Group Leadership Team and selected critical competence, a LTI in form of share options based on 2022 employment is awarded in 2023. The options granted have a vesting period of 3 years, expire after 5 years and have a cap on gain of 10 NOK per share. The LTI is intended to close the remuneration gap according to the global and local market benchmarks, ensuring the retention for critical positions.</p> <p>Continue benchmarking the remuneration level for the Group Leadership Team as well as for the rest of the employees in the different geographies.</p>

Remuneration to Board of Directors and other committees

REMUNERATION OF THE BOARD OF DIRECTORS

The board has 7 directors; all are elected by the Nomination Committee. The remuneration of the board in 2022 was in accordance with the existing Remuneration Policy. The members of the board are remunerated for their role and contribution in the board. The fees are reviewed each year and approved by the Annual General Meeting (AGM). Each ordinary member of the board received a fixed annual base fee of NOK 350 000 for the period AGM 2022 to AGM 2023, while the Chairman received a fixed annual base fee of NOK 625 000 for the same period. The remuneration in the table to the right represents what is recognised as expenses in the 2022 income statement and shareholdings as of 31st December 2022.

In 2022, the board conducted 13 board meetings with 100% meeting attendance (with the exception of one meeting where one Board member had notified in advance his inability to participate), held at group headquarters in Oslo and/or virtual meetings due to travel convenience, and also treated a number of issues by circulation of documents.

REMUNERATION OF THE NOMINATION COMMITTEE

The chairperson receives NOK 20 000 and any other member NOK 15 000 for the period from the AGM 2022 to the AGM 2023.

REMUNERATION OF THE AUDIT COMMITTEE

Ordinary members of the Audit Committee receive NOK 75 000 each and the chair of the Audit Committee receives NOK 110 000. The members of the audit committee are appointed by and from the members of the board, and currently consist of Beatriz Malo de Molina as chair and Charlotta Falvin as member. Current members are independent of the company's management. The audit committee conducted 7 meetings with 100% meeting attendance.

REMUNERATION OF THE REMUNERATION COMMITTEE

The chair of the remuneration committee receives a compensation of NOK 90 000 and other members receive NOK 60 000 for the period from the AGM 2022 to the AGM 2023.

BOARD OF DIRECTORS 2022	REMUNERATION	NUMBER OF SHARES	OWNERSHIP
Ole Enger - Chair of the Board	616	149 462	0.01 %
Tom Røtjær	341	0	0.00 %
Beatriz Malo de Molina	341	0	0.00 %
Charlotta Falvin	341	0	0.00 %
Finn Jebsen ¹⁾	341	50 620	0.00 %
Hanne Blume	341	0	0.00 %
Jon André Løkke	341	550 000	0.04 %
TOTAL	2 659	750 082	0.05 %

¹⁾ Consisting of shares held through Fateburet AS

AUDIT COMMITTEE 2022	REMUNERATION
Beatriz Malo de Molina - chair of the committee	110
Charlotta Falvin	75
TOTAL	185

REMUNERATION COMMITTEE 2022	REMUNERATION
Hanne Blume - chair of the committee	90
Ole Enger	60
TOTAL	150

Remuneration to Group Leadership Team

GUIDELINES FOR THE REMUNERATION OF THE GROUP LEADERSHIP TEAM

Nel's guidelines for the remuneration of the company's CEO and other members of the Group Leadership Team reflect Nel's approach, whereby Nel offers an overall compensation package that should be competitive but not market leading.

The current CEO has a bonus arrangement limited to a maximum of 50% of his fixed salary. The CEO's annual bonus is based on achievements related to quantitative KPIs set by the board. The KPIs balance short-term financial and operational targets with strategic initiatives that support the long-term development of the company. The previous CEO had a bonus in 2022 for half a year, payable based on an overall assessment by the board of the development of the company and management over the period January to June 2022.

In addition to the base salary, Group Leadership Team members¹ (along with all other Nel employees) are part of Nel's Short Term Incentive program (STI) which is further described in a dedicated section of this report. The Group Leadership Team also participates in a LTI plan where there were no options issued in 2022.

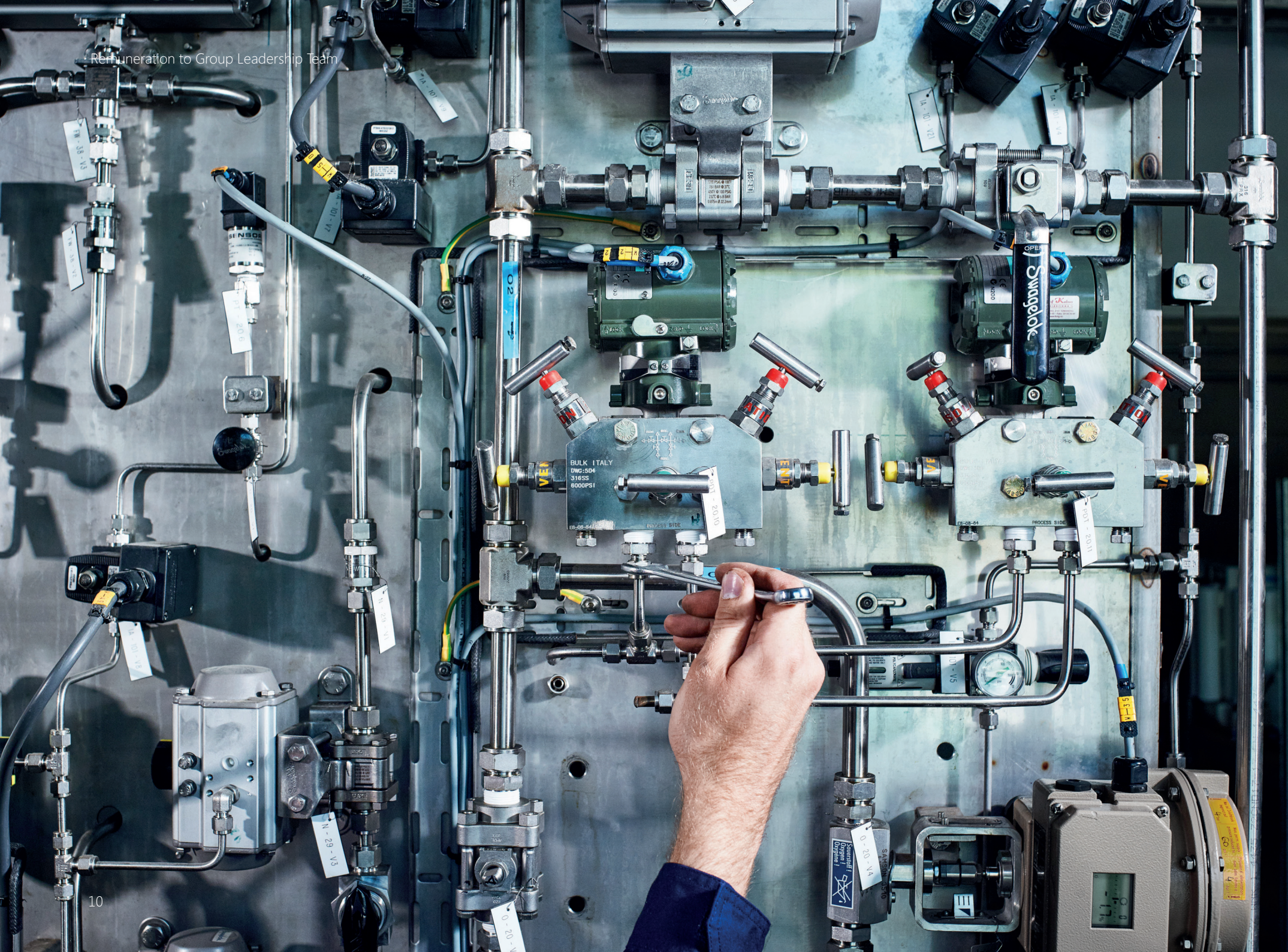
The combination of fixed and incentive-based remuneration has been chosen to ensure that Nel attracts and retains key talent in a highly competitive, international talent market.

Components of Group Leadership Team remuneration

In 2022, the members of Group Leadership Team receive the following remuneration:

- **Fixed annual base salary**, including a pension contribution in line with market and similar to all other employees in the respective locations.
- **Short-term incentive (STI)** based on yearly company performance and individual performance.
- **Long-term incentive (LTI)** in the form of a share option program from 2023, capped gains (10 NOK) with vesting period of 3 years). The previous option program with shorter vesting period has been discontinued.
- **Other customary benefits** on terms generally aligned to those received by other employees.

¹ The previous CEO was not part of the share option program; from 2022, the current CEO has a Long-Term incentive in line with others in the Group Leadership Team.



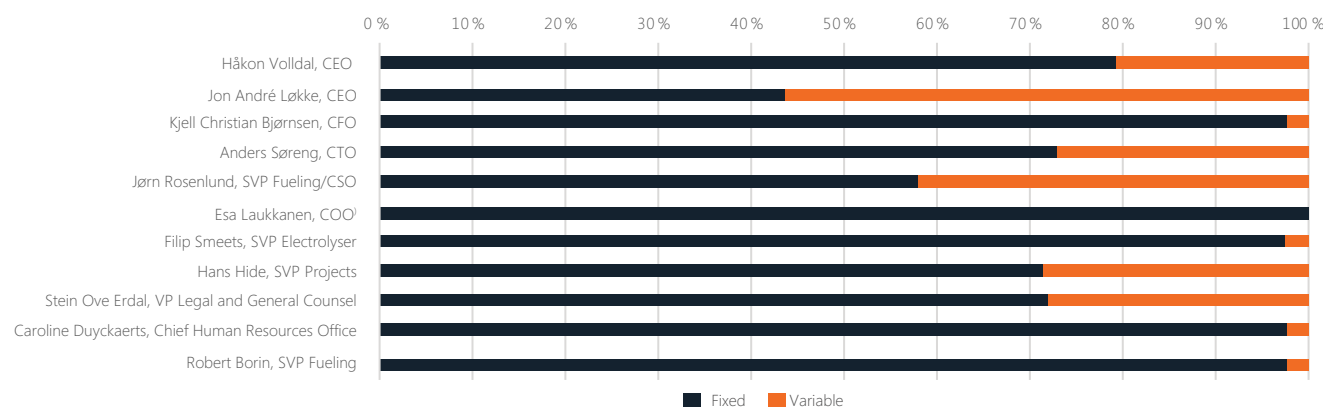
PAY MIX FOR THE GROUP LEADERSHIP TEAM

In 2022, the pay mix of Group Leadership Team varies depending on performance relative to targets, in accordance with the Remuneration Policy approved in 2022.

In 2022 for the period January to June, the pay mix for the previous CEO consisted of a fixed base annual salary and a Short-term incentive (STI). The board has settled the STI for January to June 2022 to NOK 562 500, representing 37,5% out of the 50% possible STI. The bonus was paid out with the final settlement payroll in 2022. The previous CEO was not part of the LTI plan.²

In 2022 for the period July to December, the pay mix for the current CEO consisted of a fixed base annual salary, a Short-term incentive (STI) and a Long-Term incentive in the form of share options in line with the rest of the Group Leadership positions. The board has settled the STI for July to December 2022 to NOK 589 375, representing 28.75% out of the 50% possible STI. The bonus was paid out with the March/April payroll in 2023. The new CEO also received a car allowance of NOK 100 000 according to the employment agreement.^{3,4}

The pay mix for the rest of the Group Leadership Team members is consisting of a market aligned fixed annual base salary, a Short-Term incentive in line with the rest of all employees in Nel with a maximum target of 1 month salary and a Long-term incentive plan (LTI). From 2023, the Group Leadership Team can obtain 150 000 share options. The share option program conditions are capped gains (10 NOK per share) with 3 years vesting.



² STI for previous CEO, 75% of max potential (max potential being 50% of salary: 3 000 000 / 2 = NOK 1 500 000) over 6 months (January to June) = NOK 750 000 and 75% of this = NOK 562 500

³ STI for current CEO, 57.5% of max potential (max potential being 50% of salary: 4 100 000 / 2 = NOK 2 050 000) over 6 months (July to December) = NOK 1 025 000 and 57.5% of this = NOK 589 375

⁴ Current CEO employment agreement indicating a fixed yearly car allowance of NOK 200 000

FIXED ANNUAL BASE SALARY AND VARIABLE PAY

In 2022, the remuneration of Group Leadership Team (GLT) was in accordance with the Mercer benchmarks in the respective geographies. In order to align to the company growth and changes of roles and responsibilities after the organizational adjustments launched in March 2022, with the shaping of three new adapted roles in the GLT, an exceptional adjustment to the base salary was implemented for the three following management jobs: the CPO – Chief Project Officer role, the SVP Fueling and the CFO – Chief Financial Officer role.

In this Leadership Remuneration Report, all fixed annual base salaries are converted to Norwegian Kroner (NOK) for the purpose of consistency. This might induce some currency conversion differences given the salaries are accounted in the different geographies, more specifically Denmark and the United States.

In 2021, Nel and the Remuneration Committee benchmarked the level of reward provided to the CEO and the rest of the Group Leadership Team with its independent external advisor Mercer, against comparable positions in Nel's respective locations. In 2022, a new targeted benchmark was driven with the same expertise and concluded with a need to adjust the annual base salary for the three positions mentioned above in order to offer a competitive, yet not market leading, remuneration consistent to companies of similar size and complexity.

Taking into account the benchmark results, the Remuneration Committee recommended these exceptional adjustments of compensation to the board.⁵

All positions entitled to a yearly salary review have received an increase in line with the adjustment given to the rest of the Nel employees.⁶

The COO, Esa Laukkanen, started in his position in August 2022 with a first potential salary review in July 2023 consistently with the rest of the Group Leadership Team members.

OTHER CUSTOMARY BENEFITS

Members of Group Leadership are eligible for any Nel-paid pension contribution as any other Nel employees according to the local practice in the different geographies. From 2022, the current CEO receives certain limited additional non-financial benefits, including NOK 200 000 in annual car allowance as part of his agreement.

Other benefits – such as company canteen, parking, company paid personnel and travel insurances, internet and phone allowance are provided on the same basis as is available to other employees in Norway and Denmark. In the US, a medical benefit plan is also provided to leadership positions consistent to the plan provided to all other employees in these locations.

⁵ Increase of NOK 200 000 for CPO (from NOK 1 899 538 to NOK 2 099 538), NOK 200 000 for CFO (from NOK 2 594 000 to NOK 2 794 000) and DKK 150 000 for SVP Fueling = NOK 221 580 (from DKK 2 100 000 / NOK 3 102 131 to DKK 2 250 000 / NOK 3 323 712)

⁶ 3.8%

The following table provides an overview of the remuneration awards and outcomes for 2022 and 2021:

Name of Director, position	RFY	1 Fixed remuneration		2 Variable remuneration			3 Extraordinary items	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration
		Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable				
Håkon Volldal, CEO ¹⁾	2022	2,050	0	106	589	0	0	96	2,842	79% / 21%
	2021	NA	0	NA	NA	NA	NA	NA	0	0
Jon André Løkke, CEO ²⁾	2022	2,288	0	10	1,563	0	1,500	68	5,428	44% / 56%
	2021	3,008	0	8	753	0	0	181	3,949	81% / 19%
Kjell Christian Bjørnsen, CFO	2022	2,826	0	11	71	0	0	191	3,099	98% / 2%
	2021	2,535	0	8	0	0	0	181	2,724	100% / 0%
Anders Sørøeng, CTO	2022	2,369	0	12	62	894	0	191	3,528	73% / 27%
	2021	2,218	0	8	0	596	0	181	3,003	80% / 20%
Jørn Rosenlund, SVP Fueling/CSO ⁵⁾	2022	1,185	0	0	0	911	0	66	2,161	58% / 42%
	2021	2,730	0	0	0	607	0	198	3,535	83% / 17%
Esa Laukkanen, COO ³⁾	2022	1,140	0	0	0	0	0	0	1,140	100% / 0%
	2021	NA	0	NA	NA	NA	NA	NA	0	0
Filip Smeets, SVP Electrolyser	2022	2,166	0	8	58	0	0	0	2,232	97% / 3%
	2021	2,453	0	9	0	0	0	0	2,462	100% / 0%
Hans Hide, SVP Projects	2022	2,113	0	9	52	871	0	191	3,236	71% / 29%
	2021	1,898	0	8	0	581	0	181	2,668	78% / 22%
Stein Ove Erdal, VP Legal and General Counsel	2022	2,150	0	42	57	871	0	191	3,311	72% / 28%
	2021	2,062	0	8	0	581	0	181	2,832	79% / 21%
Caroline Duyckaerts, Chief Human Resources Officer	2022	1,856	0	10	50	0	0	191	2,107	98% / 2%
	2021	1,624	0	8	0	0	0	181	1,813	100% / 0%
Robert Borin, SVP Fueling ⁴⁾	2022	3,084	0	0	79	0	0	257	3,419	98% / 2%
	2021	2,214	0	0	0	0	0	176	2,391	100% / 0%
TOTAL PY+CY		41,920		157	2,745	5,912	1,500	2,805	55,038	82% / 18%

¹⁾ Employed in Nel from July 2022

²⁾ Left Nel end of June 2022

³⁾ Employed in Nel from August 2022

⁴⁾ Employed in Nel from July 2021

⁵⁾ Left Nel end of March 2022

Comparable information

The two following tables present the annual change in fixed remuneration over 5 years both in numbers and percentage.
Fixed annual base salary includes vacation, fringe benefits and pension contribution.¹⁾

ANNUAL CHANGE FIXED REMUNERATION	2018 VS 2017	2019 VS 2018	2020 VS 2019	2021 VS 2020	2022 VS 2021	INFORMATION REGARDING THE REPORTED FINANCIAL YEAR
Director's remuneration						
Håkon Volldal, CEO	NA	NA	NA	NA	NA	
Jon André Løkke, CEO	263	75	24	282	0	
Kjell Christian Bjørnsen, CFO	NA	NA	NA	456	304	
Bent Skisaker, former CFO	314	54	0	NA	NA	
Lars Christian Stugaard, former CFO	NA	NA	NA	NA	NA	
Anders Sørøng, CTO	618	150	1,118	(1,080)	165	Salary in NOK in 2021, while in USD comparable years.
Jørn Rosenlund, SVP Fueling/CSO	123	49	418	559	0	Salary in DKK
Robert Borin, SVP Fueling	NA	NA	NA	NA	238	Salary in DKK
Esa Laukkanen, COO	NA	NA	NA	NA	NA	Salary in USD
Filip Smeets, SVP Electrolyser	NA	NA	NA	545	(288)	Salary in USD in 2020, while in NOK comparable years.
Hans Hide, SVP Projects	NA	NA	234	113	225	
Stein Ove Erdal, VP Legal and General Counsel	NA	NA	485	351	131	
Caroline Duyckaerts, Chief Human Resources Officer	NA	NA	NA	NA	68	
Bjørn Simonsen, VP Investor Relations	298	154	26	NA	NA	
Mikael Sloth, VP Business developments	NA	NA	NA	NA	NA	Salary in DKK
Raluca Leordaenu, VP Business developments	NA	32	NA	NA	NA	
David Bow, SVP Sales	139	114	NA	NA	NA	Salary in USD
Jacob Kroksgaard, SVP Nel Hydrogen solutions	141	NA	NA	NA	NA	Salary in DKK
Company performance						
Revenue and operating income	191	81	82	146	196	
EBITDA	(50)	(47)	(73)	(223)	(305)	
Net income/(loss)	(136)	(81)	1,532	(2,929)	496	
Average remuneration on a full-time equivalent basis of employees						
Employees Nel ASA parent	10	84	25	13	43	
Employees rest of Nel ASA group	27	39	34	38	66	

¹⁾ In Norway vacation are earned for the year +1, during the first year at Nel in Norway, the amount of vacation days taken is therefore deducted from the salary as unpaid leave resulting in a reduced annual salary paid by Nel for a given period.

Filip Smeets was recruited in 2020 as SVP for the Electrolyser division with the intention to be located in our PEM site in US Connecticut and a base salary of USD 280 000. The COVID 19 impacted these plans, and the position was located in Norway in the meanwhile. The Norwegian compensation consisted of a package with an annual salary NOK 2 100 000 and an annual fixed amount of NOK 500 000 to match the agreed US package. In agreement with the CEO, this additional fixed amount was discontinued when it became apparent that the role would be kept Norway based and that the role was transitioned to a CCO position.

Fixed annual base salary includes a pension contribution.

ANNUAL CHANGE FIXED REMUNERATION	2018 VS 2017	2019 VS 2018	2020 VS 2019	2021 VS 2020	2022 VS 2021	INFORMATION REGARDING THE REPORTED FINANCIAL YEAR
Director's remuneration						
Håkon Volldal, CEO	0.0%	0.0%	0.0%	0.0%	0.0%	
Jon André Løkke, CEO	10.3%	2.7%	0.8%	9.7%	0.0%	
Kjell Christian Bjørnsen, CFO	0.0%	0.0%	0.0%	20.1%	11.1%	
Bent Skisaker, former CFO	16.3%	2.4%	0.0%	0.0%	0.0%	
Lars Christian Stugaard, former CFO	0.0%	0.0%	0.0%	0.0%	0.0%	
Anders Sørøng, CTO	38.6%	6.8%	47.2%	-31.0%	6.8%	Salary in NOK in 2021, while in USD comparable years.
Jørn Rosenlund, SVP Fueling/CSO	6.9%	2.6%	21.4%	23.6%	0.0%	Salary in DKK
Robert Borin, SVP Fueling	0.0%	0.0%	0.0%	0.0%	7.7%	Salary in DKK
Esa Laukkanen, COO	0.0%	0.0%	0.0%	0.0%	0.0%	Salary in USD
Filip Smeets, SVP Electrolyser	0.0%	0.0%	0.0%	28.4%	-11.7%	Salary in USD in 2020, while in NOK comparable years.
Hans Hide, SVP Projects	0.0%	0.0%	13.4%	5.7%	10.8%	
Stein Ove Erdal, VP Legal and General Counsel	0.0%	0.0%	34.2%	18.4%	5.8%	
Caroline Duyckaerts, Chief Human Resources Officer	0.0%	0.0%	0.0%	0.0%	3.4%	
Bjørn Simonsen, VP Investor Relations	26.5%	10.8%	1.6%	0.0%	0.0%	
Mikael Sloth, VP Business developments	0.0%	0.0%	0.0%	0.0%	0.0%	Salary in DKK
Raluca Leordaenu, VP Business developments	0.0%	2.4%	0.0%	0.0%	0.0%	
David Bow, SVP Sales	8.0%	6.1%	0.0%	0.0%	0.0%	Salary in USD
Jacob Kroksgaard, SVP Nel Hydrogen solutions	6.3%	0.0%	0.0%	0.0%	0.0%	Salary in DKK
Company performance						
Revenue and operating income	63.9%	16.5%	14.4%	22.4%	24.6%	
EBITDA	-62.1%	-35.3%	-41.2%	-88.8%	-64.2%	
Net income/(loss)	-260.0%	-42.8%	567.9%	-232.1%	29.8%	
Average remuneration on a full-time equivalent basis of employees						
Employees Nel ASA parent	1.0%	7.9%	2.9%	2.5%	3.8%	
Employees rest of Nel ASA group	3.6%	5.3%	4.7%	5.1%	7.3%	

NA is indicated where the employee was not employed or part of management in both years and change is not applicable.

Comparable information

The following table presents the annual change in variable remuneration over 5 years.

ANNUAL CHANGE VARIABLE REMUNERATION	2018 VS 2017	2019 VS 2018	2020 VS 2019	2021 VS 2020	2022 VS 2021	INFORMATION REGARDING THE REPORTED FINANCIAL YEAR
Director's remuneration						
Håkon Vollidal, CEO	NA	NA	NA	NA	589	
Jon André Løkke, CEO	585	(608)	51,800	(52,384)	2,310	
Kjell Christian Bjørnsen, CFO	NA	NA	NA	0	71	
Bent Skisaker, former CFO	723	(446)	1,241	NA	NA	
Lars Christian Stugaard, former CFO	NA	NA	NA	NA	NA	
Anders Sørøeng, CTO	1,185	332	495	(1,838)	360	
Jørn Rosenlund, SVP Fueling/CSO	1,057	249	5	(704)	304	
Robert Borin, SVP Fueling	NA	NA	NA	NA	79	
Esa Laukkanen, COO	NA	NA	NA	NA	NA	
Filip Smeets, SVP Electrolyser	NA	NA	458	(458)	58	
Hans Hide, SVP Projects	NA	300	(300)	581	342	
Stein Ove Erdal, VP Legal and General Counsel	NA	NA	NA	581	347	
Caroline Duyckaerts, Chief Human Resources Officer	NA	NA	NA	NA	50	
Bjørn Simonsen, VP Investor Relations	523	(396)	1,410	NA	NA	
Mikael Sloth, VP Business developments	NA	NA	NA	NA	NA	
Raluca Leordaenu, VP Business developments	NA	NA	NA	NA	NA	
David Bow, SVP Sales	969	2,444	NA	NA	NA	
Jacob Kroksgaard, SVP Nel Hydrogen solutions	(299)	NA	NA	NA	NA	
Average remuneration on a full-time equivalent basis of employees						
Employees of Nel ASA parent	189	172	36	(28)	(234)	
Employees of Nel ASA group	(85)	32	(90)	(23)	(11)	

NA is indicated where the employee was not employed or part of management in both years and change is not applicable.

In 2020, the previous CEO, Jon André Løkke, exercised 6 million share options that were given as a part of his appointment in 2016. The CEO has not received any further LTI during his employment.

Short-term incentive plan (STI): performance based pay

The purpose of the STI is to incentivize performance, ensure the commitment of all employees at all levels in the company, and promote alignment of interests to Nel's strategy and direction. The Short-Term incentive is a cash based variable part of the salary that can vary from zero to one month for all employees in the company including the members of the GLT. The plan key features and balance between the financial results and the individual contribution are described below.

To align with external market practice, a change in reward structure was recommended and applied from 2022, with the introduction of an all-employee short-term incentive proposed, linked to corporate performance.

Future participation in equity programmes (Long Term incentive) will be limited to those who have direct line of sight and influence over our long-term success. Equity programmes will cover Group Leadership Team plus key and critical talent.

KEY PLAN FEATURES OF THE STI PLAN:

- All employees are eligible for a cash, annual STI⁷
- Employees will be eligible for a maximum of one month base salary
- Performance Period: 1st January – 31st December
- Performance Measures (additive structure):
 - Financial: 30%
 - Corporate Participant: 30% Corporate
 - Business Unit Participant: 20% Business Unit, 10% Corporate
 - Financial payments subject to a minimum acceptable level of performance as determined by the Board
 - Non-financial: 70% based upon the new appraisal structure
 - Payment linked to rating within discretionary range
 - Where an employee receives an unsatisfactory rating or is on a Performance Improvement Plan, no Non-Financial or Financial payments will be made
- "On Plan" performance delivers 2/3rds of maximum potential
- Leading Reward Principle: Reward shall be fair, transparent and consistent. Ensures fair treatment and opportunity (Equality, Diversity and Inclusion) for all (current and future) employees

From 2023, the financial part of the STI will be connected to EBITDA instead of a budget target. For 2022, given the implementation timing and current financial KPI focus, the financial part of the KPI functions as listed below:

- Target for Group is revenue from revised budget incl. Corporate Reserve
- Target for Divisions is revenue from revised budget adjusted down with relative share of Corporate Reserve
- Corporate: minimum 10% revenue growth from 2021 to achieve bonus. Same range applied on both side of target
- Divisions: Same range applied as Group level
- Full alignment between Corporate and Divisions in terms of possibility to achieve bonus

⁷ Employees starting to work in the company before October 1st of a given year (before Q4) – proportionally of period worked. Employees who have delivered their resignation are not entitled to the STI except as the local laws and regulations require it.

Long-term incentive plan (LTI): share-based payments

The purpose of the LTI is to incentivize performance, ensure the commitment and retention of Group Leadership, and promote alignment of interests with those of the shareholders. The LTI is a share option program which applies to the CEO, the rest of the Group Leadership Team in Nel and few selected critical roles outside of this team. The previous share option program encompassing all employees was originally launched in 2018 as a three-year program from 2018 to 2020. In 2021 the Board of Directors decided to prolong the program for one additional year and the program continued to be applicable for all employees. From 2022, the LTI applies only to the limited positions as indicated above.

To align with external market practice, a change in reward structure was recommended and applied from 2022, with the introduction of an all-employee short term incentive proposed, linked to corporate performance (see STI description earlier in the document).

Future participation in equity programmes (Long Term incentive) will be limited to those who have direct line of sight and influence over our long-term success. Equity programs will cover Group Leadership Team plus key and critical talent.

Following that the previous CEO exercised all his outstanding and vested options in May 2020 there has been no further LTI granted to the previous CEO.

Options are granted once per year. The share-based payment is equity-settled. Each option, when exercised, will give the right to acquire one share in the Group.

Options are granted with a strike price equal to the higher of the average price of the Nel ASA share the last five trading days and the closing price of the Nel ASA share on the grant date and including an 8% premium. All options granted have the gain capped at NOK 5 per share for options granted from 2018 to 2020 and NOK 10 per share for options granted in 2021 and for 2022. In 2021, the number of options were reduced by 50 percent compared to the number of options granted the previous years.

Once options are vested employees may exercise the options during a five-day exercise window which shall be available following the presentation of the quarterly figures four times per year.

All options have only service-time based vesting conditions. Vesting requires the option holder still to be an employee in the company. Specifically, options do not vest after the date the employee serves his or her notice to terminate the engagement with the company or has been notified in writing of the termination of employment by the company.

Options already vested prior to the date the employee serves his or her notice to terminate the engagement or has been notified in writing of the termination shall be exercised in the first period of exercise following the termination date. All vested options not exercised by the employee in the first period of exercise following the termination date will become void and lapse without compensation to the employee.

LTI 2023

There was no LTI award in 2022. The Group Leadership Team members LTI 2022 is distributed in March 2023 except for the CEO who will receive it in July 2023 after 1 year of tenure in the position. Each GLT member obtains 150 000 options, with a 3 year vesting period, 5 year expiry and a cap on gain per option of 10 NOK per share. The strike price is calculated as outlined above.

The new CEO will be granted 500,000 options on each of the first, second and third anniversary of the commencement date of his employment (July 1, 2022). Each option vests after three years of grant and may, subject to continued employment, be exercised over a two-year period thereafter. Each option entitles him to acquire one new share of the Company at an exercise price equal to the listed price at the date of grant plus 10%. A maximum profit level has been implemented which limits the accumulated profit for all options to NOK 25 million, and to NOK 30 per option.

LTI 2021

The Group Leadership Team members excluding the CEO could each obtain up to 200 000 share options with 100 000 as a minimum grant and an additional 100 000 based on individual performance measured through the achievement of agreed KPIs in the 12-month period leading up to the option grant date. The individual options allocations

are included the table below and were granted on August 19, 2021, and 40 percent of the options will vest on August 19, 2023, and remaining 60 percent on August 19, 2024. All options expire on August 19, 2025. Each option has a strike of 15.125 per share and the gain is capped at NOK 10 per share.

LTI 2020

The Group Leadership Team members excluding the CEO could each obtain up to 400 000 share options with 200 000 as a minimum grant and an additional 200 000 based on individual performance measured through the achievement of agreed KPIs in the 12-month period leading up to the option grant date. The individual options allocations are included the table below and were granted on July 8, 2020, and 40 percent of the options will vest on July 8, 2022, and remaining 60 percent on July 8, 2023. All options expire on July 8, 2024. Each option has a strike of 21.72 per share and the gain is capped at NOK 5 per share.

Long-term incentive plan (LTI)

NAME OF DIRECTOR, POSITION	THE MAIN CONDITION OF SHARE OPTION PLANS						INFORMATION REGARDING THE REPORTED FINANCIAL YEAR						
	1 SPECIFI- CATION OF SHARE OPTION PLANNOTE	2 PERFORMANCE PERIODNOTE	3 AWARD DATE	4 VESTING DATE	6 EXERCISE PERIOD	7 STRIKE RICE OF THE SHARE	OPENING BALANCE		DURING THE YEAR		CLOSING BALANCE		
							8 SHARE OPTIONS AWARDED AT THE BEGINNING OF THE YEAR	9 SHARE OPTIONS AWARDED A) NUMBER	9 SHARE OPTIONS AWARDED B) MARKET VALUE OF THE UNDERLYING SHARES, END OF YEAR	10 SHARE OPTIONS VESTED A) NUMBER	10 SHARE OPTIONS VESTED B) MARKET VALUE OF THE UNDERLYING SHARES, VESTING DATE	12 SHARE OPTIONS AWARDED AND UNVESTED	13 SHARE OPTIONS SUBJECT TO A HOLDING PERIOD
Kjell Christian Bjørnsen, CFO	2020/1	07/2020-07/2022	07/2020	07/2022	07/2022-07/2024	21.72	128,228	0	NA	0	NA	128,228	0
	2020/2	07/2020-07/2023	07/2020	07/2023	07/2023-07/2024	21.72	192,343	0	NA	0	NA	192,343	0
	2021/1	08/2021-08/2023	08/2021	08/2023	08/2023-08/2025	15.13	62,000	0	0.00	0	NA	62,000	0
	2021/2	08/2021-08/2024	08/2021	08/2024	08/2024-08/2025	15.13	93,000	0	0.00	0	NA	93,000	0
Anders Søreng, CTO	2019/1	07/2019-07/2021	07/2019	07/2021	07/2021-07/2023	7.80	0	0	NA	0	0.00	0	0
	2019/2	07/2019-07/2022	07/2019	07/2022	07/2022-07/2023	7.80	184,800	0	NA	184,800	0.00	0	0
	2020/1	07/2020-07/2022	07/2020	07/2022	07/2022-07/2024	21.72	124,000	0	NA	0	NA	124,000	0
	2020/2	07/2020-07/2023	07/2020	07/2023	07/2023-07/2024	21.72	186,000	0	NA	0	NA	186,000	0
	2021/1	08/2021-08/2023	08/2021	08/2023	08/2023-08/2025	15.13	62,000	0	0.00	0	NA	62,000	0
	2021/2	08/2021-08/2024	08/2021	08/2024	08/2024-08/2025	15.13	93,000	0	0.00	0	NA	93,000	0
Jørn Rosenlund, SVP Fueling	2019/2	07/2019-07/2022	07/2019	07/2022	07/2022-07/2023	7.80	188,400	0	NA	188,400	0.00	0	0
Filip Smeets, SVP Electrolyser	2020/1	07/2020-07/2022	07/2020	07/2022	07/2022-07/2024	21.72	128,228	0	NA	0	NA	128,228	0
	2020/2	07/2020-07/2023	07/2020	07/2023	07/2023-07/2024	21.72	192,343	0	NA	0	NA	192,343	0
	2021/1	08/2021-08/2023	08/2021	08/2023	08/2023-08/2025	15.13	62,000	0	0.00	0	NA	62,000	0
	2021/2	08/2021-08/2024	08/2021	08/2024	08/2024-08/2025	15.13	93,000	0	0.00	0	NA	93,000	0
Hans Hide, SVP Projects	2019/1	07/2019-07/2021	07/2019	07/2021	07/2021-07/2023	7.80	0	0	NA	0	0.00	0	0
	2019/2	07/2019-07/2022	07/2019	07/2022	07/2022-07/2023	7.80	180,000	0	NA	180,000	0.00	0	0
	2020/1	07/2020-07/2022	07/2020	07/2022	07/2022-07/2024	21.72	126,400	0	NA	0	NA	126,400	0
	2020/2	07/2020-07/2023	07/2020	07/2023	07/2023-07/2024	21.72	189,600	0	NA	0	NA	189,600	0
	2021/1	08/2021-08/2023	08/2021	08/2023	08/2023-08/2025	15.13	64,000	0	0.00	0	NA	64,000	0
	2021/2	08/2021-08/2024	08/2021	08/2024	08/2024-08/2025	15.13	96,000	0	0.00	0	NA	96,000	0
Stein Ove Erdal, VP Legal and General Counsel	2019/1	07/2019-07/2021	07/2019	07/2021	07/2021-07/2023	7.80	0	0	NA	0	0.00	0	0
	2019/2	07/2019-07/2022	07/2019	07/2022	07/2022-07/2023	7.80	180,000	0	NA	180,000	0.00	0	0
	2020/1	07/2020-07/2022	07/2020	07/2022	07/2022-07/2024	21.72	140,000	0	NA	0	NA	140,000	0
	2020/2	07/2020-07/2023	07/2020	07/2023	07/2023-07/2024	21.72	210,000	0	NA	0	NA	210,000	0
	2021/1	08/2021-08/2023	08/2021	08/2023	08/2023-08/2025	15.13	64,000	0	0.00	0	NA	64,000	0
	2021/2	08/2021-08/2024	08/2021	08/2024	08/2024-08/2025	15.13	96,000	0	0.00	0	NA	96,000	0
Caroline Duyckaerts, Chief Human Resources Officer	2021/1	08/2021-08/2023	08/2021	08/2023	08/2023-08/2025	15.13	62,000	0	0.00	0	NA	62,000	0
	2021/2	08/2021-08/2024	08/2021	08/2024	08/2024-08/2025	15.13	93,000	0	0.00	0	NA	93,000	0

- The 12-month tenure requirement was waived for Caroline Duyckaerts in 2021.
- The 12-month tenure requirement was waived for Kjell Christian Bjørnsen and Filip Smeets in 2020.
- The 12-month tenure requirement was waived for Hans Hide and Stein Ove Erdal in 2021.



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

To the General Meeting of Nel 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 Nel 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 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. Our firm applies International Standard on Quality Management 1 (ISQM 1) and International Standard on Engagement Quality Reviews (ISQM 2) 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

Pernio document key: FGED6-2J6EX-P2KJH-0B1SL-0QLH-BXMIIV



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, 27. February 2023
Ernst & Young AS

Petter Frode Larsen
State Authorised Public Accountant
(This document is signed electronically)

Penneo document key: FGED6-2J6EX-P2KJH-OB1SL-0IQLH-BXMMV

Penneo

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo" - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Petter Frode Larsen

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5994-4-4118388

IP: 89.249.xxx.xxx

2023-02-27 13:51:22 UTC



Penneo Dokumentnøkkel: FGED6-2J6EX-P2KJH-OB1SL-0IQLH-BXMMV

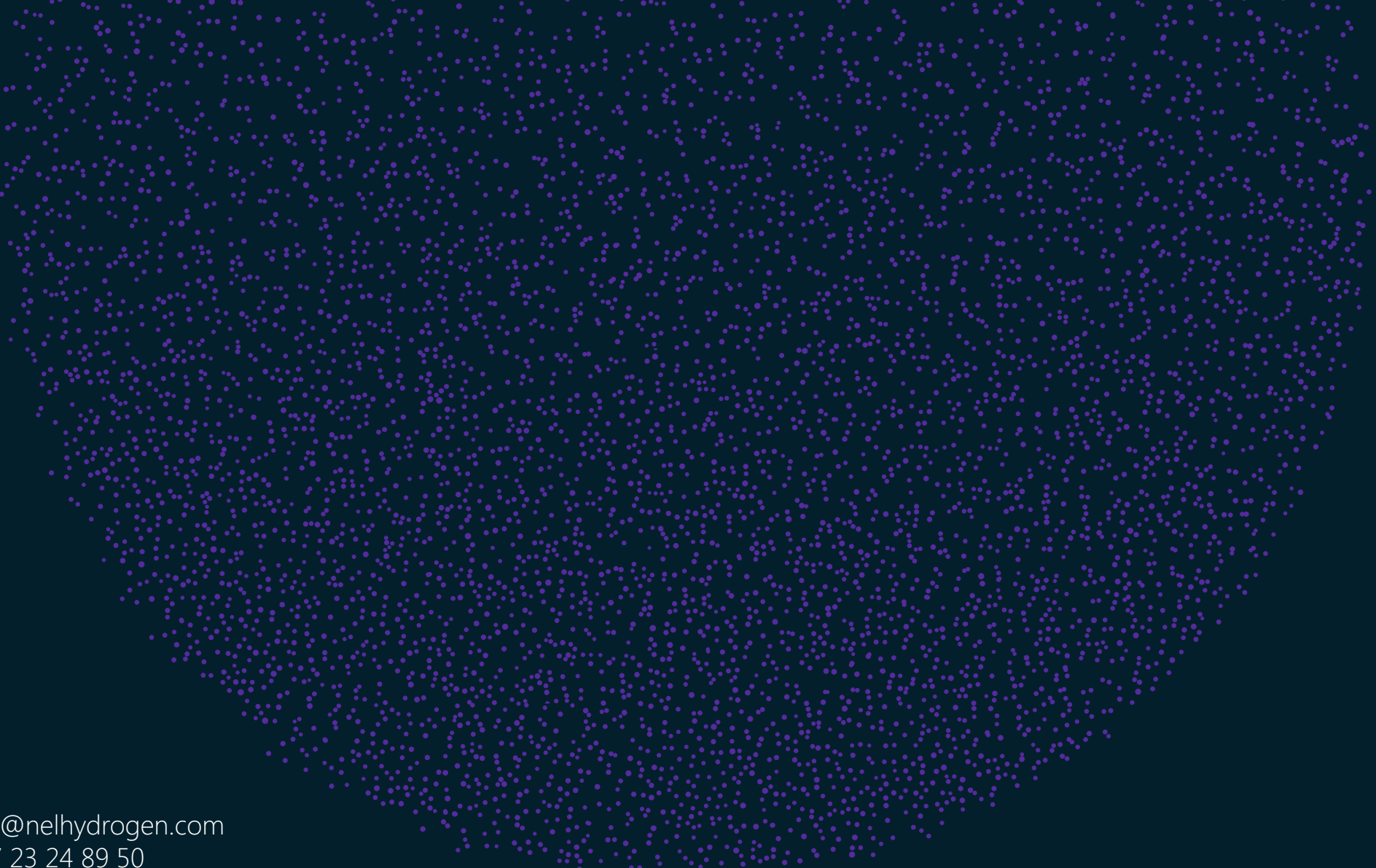
Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validator>



info@nelhydrogen.com
+47 23 24 89 50
www.nelhydrogen.com

Office address:
Karenslyst allé 49,
0279 Oslo, Norway