



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

The Trustee apportions its funding deficit between Participating Employers, based on the portions of the Fund's liabilities, which were originally accrued by members in service with each employer. When the Trustee determines that contributions are unlikely to be recovered from a Participating Employer, it can re-apportion the deficit contributions to other Participating Employers.

Entities participating in the MNOFF are exposed to the actuarial risk associated with the current and former employees of other entities through exposure to their share of the deficit those other entities default. As there is only a notional allocation of assets and liabilities to any employer, the Company is accounting for the MNOFF in its financial statements as if it was a defined contribution scheme. There are no contributions to the plan agreed at present.

DEFINED BENEFIT PLANS AND OTHER LONG-TERM BENEFITS

The employee benefits provisions recognized in accordance with accounting principles, relate to:

	<i>Note</i>	2021	2020
Pension plan		2	6
Lump sums on retirement		9	11
Defined benefit plans		11	17
Long-service awards		16	17
Other long-term benefits		16	17
Employee benefits provisions	4.3.25	26	34

The defined benefit plan provision is partially funded as follows:

Benefit asset/liability included in the statement of financial position

	31 December 2021			31 December 2020		
	Pension plans	Lump sums on retirement	Total	Pension plans	Lump sums on retirement	Total
Defined benefit obligation	33	9	42	39	11	50
Fair value of plan assets	(31)	-	(31)	(33)	-	(33)
Benefit (asset)/liability	2	9	11	6	11	17

The main assumptions used in determining employee benefit obligations for the Company's plans are shown below:

Main assumptions used in determining employee benefit obligations

<i>in %</i>	2021	2020
Discount rate	0.25-1.25	0.00-1.00
Inflation rate	2.00	1.75
Discount rate of return on plan assets during financial year	0.25	0.00
Future salary increases	1.00 - 3.00	1.00 - 3.00
Future pension increases	-	-

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

REMUNERATION OF THE KEY MANAGEMENT PERSONNEL OF THE COMPANY

The remuneration of key management personnel of the Company paid during the year, including pension costs and performance related Short-Term Incentives (STI), amounted to US\$20 million (2020: US\$19 million). There are no loans outstanding to the members of the key management or guarantees given on behalf of members of the key management.

The performance-related part of the remuneration of the Management Board, comprising Value Creation Stake and STI components, was 67% (2020: 68%). The Management Board's remuneration (which is Euro denominated) decreased in 2021

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versus 2020, explained by a lower valuation of the Value Creation Stake mainly offset by a higher STI. The Management Board's remuneration in US\$ increased by US\$282 thousand due to the change in foreign currency conversion.

The increased remuneration of other key personnel is mainly related to the addition of an additional member of the Executive Committee, it now has 7 members (2020: 6).

The total remuneration and associated costs of the Management Board and other key management personnel (members of the Executive Committee) is specified as follows:

Remuneration key management personnel

in thousands of US\$	Base salary	STI ¹	Sharebased compensation ²	Other ³	Pensions ⁴	Total remuneration
Management Board Members						
2021	3,109	3,486	5,818	630	840	13,883
2020	3,002	3,094	6,177	514	814	13,601
Other key personnel⁵						
2021	2,757	836	1,637	601	368	6,198
2020	2,514	427	1,492	564	204	5,201
Total 2021	5,866	4,341	7,455	1,231	1,209	20,082
Total 2020	5,516	3,522	7,669	1,078	1,018	18,803

1 For the Management Board this represents the actual STI approved by the Supervisory Board, which has been accrued over the calendar year, payment of which will be made in the following year.

2 This share-based compensation represents the period expense of share-based payments in accordance with IFRS 2.

3 Consisting of social charges, lease car expenses, and other allowances.

4 This represents company contributions to defined contribution pension plans; in case of absence of a qualifying pension scheme such contribution is paid gross, withholding wage tax at source borne by the individuals.

5 The definition of 'Other key personnel' is aligned with the Executive Committee, as disclosed on the Company's website.

The table above represents the total remuneration in US dollar, being the reporting currency of the Company.

The following table represents the movements during 2021 of all unvested shares of (former) Management Board members (the total number of vested shares held by (former) Management Board members are reported in note 4.3.23 Equity Attributable to Shareholders). As at December 31, 2021 there are no share-based incentives outstanding:

Shared-based incentives	Outstanding at the beginning of period	Granted	Vested	Outstanding at the end of period
2021	-	-	-	-
2020	247,689	-	247,689	-

SHORT-TERM INCENTIVE PROGRAM OF THE MANAGEMENT BOARD

The Short-Term Incentive Program is based upon the short-term operational performance, which includes three sets of Performance Indicators as noted below:

- Profitability;
- Growth;
- Sustainability Performance.

The Supervisory Board may adjust the outcome of the STI down by 10%. Any such adjustment would be reported in the Remuneration Report. No such reduction has been made for 2021 or 2020.

For 2021 (equal to 2020), the Supervisory Board concluded that the Company's performance indicators had outcomes ranging from threshold to maximum. For the year 2021 a total of seven performance indicators were established (2020: seven). The Company's performance resulted in performance of 133% (2020: 122%) of salary for the CEO and 100% (2020: 92%) for the other Management Board members.