



# Guidelines on Executive Remuneration

## REMUNERATION POLICY

Remuneration policy at Hafnia is driven by the Company's strategic mission, values, and in particular by the Company's objective to attract, retain and develop market-leading talent.

Remuneration in broad terms – considering not only salary, benefits and performance incentives, but also working environment, recognition of achievements, and learning and development – is designed to attract and retain the people best suited to support achievement of the organization's goals in the long run.

As such, executive remuneration is structured to:

- Support achievement of Hafnia's corporate strategy;
- Comply with applicable regulations and reflect standards of corporate governance in the markets in which we operate;
- Take into account the global and local market conditions generically and specific to the industry in which we operate;
- Reflect and strengthen the common interests of Hafnia's employees and shareholders;
- Be, and be seen to be, fair, transparent and non-discriminatory;
- Reward both delivery of results and the way in which those results are achieved;
- Differentiate appropriately varying roles, responsibilities and competencies;
- Reward both short and long-term contributions and results;
- Address market and peer levels in decision-making; and
- Make compensation sufficiently attractive to retain talent.

### 1. Determining and Implementing Remuneration Strategy

The Company's decision-making process for implementing and amending the remuneration strategy, policy and implementation including the determination of salaries and other remuneration for the executive management, includes an annual review and approval by the Remuneration Committee of the Company's Compensation Strategy, and a review of annual adjustments to compensation for the business in aggregate, and for the executive management team individually.

### 2. Remuneration of the Executive Management Team

Hafnia's Board defines the Executive Management Team (EMT) as including the most senior management in each functional area – presently the Chief Executive Officer ('CEO'), Chief Financial Officer ('CFO'), Executive Vice President, Commercial, Executive Vice President, Asset & Pool Management, IT & Innovation, and Executive Vice President, Technical.

The remuneration structure for the EMT incorporates any of the following elements:

- Fixed remuneration;
- Variable remuneration (short-term and long-term incentives);
- Pension and insurance schemes; and
- Other employment-related benefits.

### 3. Fixed Remuneration

Fixed remuneration comprises base salaries and allowances paid to executives.

Base salaries are designed to compensate employees for the roles, responsibilities undertaken in their roles, and the required competencies. Therefore, base salary is set with the intention to be competitive in the

markets in which the company operates (geographical and industrial) in relation to each individual's role and capabilities. Base salaries are normally reviewed once a year.

Fixed allowances designed to cover housing and transportation costs are paid to eligible members of the EMT.

#### 4. Variable Pay

Variable pay includes a short-term component, the Annual Performance Bonus; and a long-term component, the Long-Term Incentive Plan.

Annual Performance Bonuses are awarded early each calendar year in relation to the performance of each employee against performance targets established at the beginning of the preceding year. The aggregate bonus pool available for payment is determined with close reference to the Company's profitability and shareholder value creation. The allocation of bonuses from that pool is closely related to annual performance against pre-determined performance targets.

Performance targets for the EMT are reviewed with the Remuneration Committee prior to establishment. The CEO's performance against performance targets is determined by the Remuneration Committee in consultation with the full Board of Directors.

The Long-Term Incentive Plan (LTIP) allows for additional earnings via a share options program.

The purpose of LTIP is to attract and retain a strong EMT, and to align the interests of that team with those of the shareholders. Under the LTIP, the EMT will on an annual basis for a period of three years be awarded share options.

Options will be granted annually on the date of the Company's announcement of its quarterly report for the last calendar quarter of the preceding year. The strike price for the options shall be equal to the higher of (i) par value USD 0.1 of each Company share, and (ii) Market Value as at the Grant Date, increased by a hurdle rate of 5 per cent p.a. from the Grant Date until the Vesting Date compounded annually at the anniversary of the Grant Date.

The options will have a vesting period of three years from being awarded, and may then be exercised from the Vesting Date of the relevant Options until the Expiry Date for the same Options.

The options are non-tradable and conditional upon the option holder being employed by the Company or its subsidiaries and not having resigned or being terminated for cause prior to the vesting date.

#### 5. Pension and Insurance Schemes

Pensions paid to employees commensurate with local practice in the location of employment. Hafnia makes the standard contribution required for each eligible member of the EMT.

Insurances are instituted for employees in line with local practice in the location of employment. All members of the EMT benefit from medical insurance in line with Company practice and are protected by Directors' and Officers' insurance in relation to their service on subsidiary Boards of the Group.

#### 6. Other Employment-Related Benefits

Hafnia's employees are provided employment-related benefits commensurate with normal local practice in the location of employment. These benefits extend to members of the EMT. Employment-related

benefits beyond the compensation explicitly set out in these guidelines are not significant in relation to base salary for any member of the EMT.

----- End of Document -----