

S.D. STANDARD ETC PLC (THE "COMPANY")

REMUNERATION REPORT

1 INTRODUCTION

1.1 Basis of the Report

This report on salary and other remuneration (the "**Report**") for the Board of Directors (the "**Board**"), the members of the Audit Committee and the Nomination Committee, the senior management team (the "**Executive Management Team**") of S.D. Standard ETC Plc (the "**Company**"), has been prepared for the financial year ended 31 December 2023.

The purpose of the Report is to give an overview of paid and retained salary and other remuneration from the Company to the members of the Board, the Audit Committee, the Nomination Committee and the Executive Management Team for 2023, pursuant to the Company's remuneration policy as approved by the Company's Annual General Meeting on 14 June 2021 and updated at the Extraordinary General Meeting on 14 January 2022 (the "**Remuneration Policy**"). The Remuneration Policy is available at <https://www.standard-etc.com/>.

The Report is based on the following principles and objectives as set out in the Remuneration Policy, and applies to all the members of the Company's Board and Committees, as well as the persons employed by the Company:

- 1) The remuneration offered shall support the growth of the Company's value,
- 2) The remuneration offered shall ensure leading performance, and
- 3) The remuneration shall be offered in a responsible and consistent manner, with an objective to be competitive when compared to companies similar to S.D. Standard ETC Plc.

This Report has been drawn up in compliance with Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement which was enacted into Cyprus law through the Encouragement of long-term shareholder engagement law of Cyprus in 2021 (the "**Directive EU 2017/828**").

1.2 Overall Company performance in 2023

The principal activity of the Company is to operate as an investment entity within the shipping, offshore and energy segments. The main focus of the Company has previously been on the Rig, PSV and VLCC tanker markets, however the Company has expanded its strategy and is now focusing on more diversified and liquid investment portfolio within the energy, transport and commodities markets.

The Company's profit after tax for the year ended 31 December 2023, which is attributable to the equity holders, was USD 2,6 million compared to a profit of USD 39,8 million for the year ended 31 December 2022. The total assets of the Company as of 31 December 2023 were USD 144,9 million and the net assets were USD 142,4 million, compared to USD 139,8 million and USD 139,6 million respectively in 2022.

The reduction of the operating profit in the year 2023 compared to 2022's profit is mainly due to an unrealized loss on revaluation of financial assets of USD 13,7 million (compared to a revaluation gain of USD 25,7 million in 2022), a fair value profit from investments held for trading of USD 1,6 million (compared to a fair value gain of USD 4 million in 2022), dividend income of USD 13,3 million (compared to dividend income of USD 11,4 million in 2022), interest income of USD 2,8 million (compared to USD 1,1 million interest income in 2022), a net foreign currency gain of USD 625 thousands (compared to a net foreign currency loss of USD 217 thousands in 2022) and is after deducting administration expenses of USD 1,9 million, finance cost of USD 43 thousands and income tax expense of USD 130 thousands.

The Company's results and performance for the year 2023 are not considered satisfactory, when compared to the results of the year 2022, since they were impacted by an unrealised loss recognised on the shares held in Dolphin Drilling AS.

1.3 Composition of the Board, the Executive Management Team, the Audit Committee and the Nomination Committee in 2023

1.3.1. The Board of Directors

During 2023, the Board consisted of the following members:

- Martin Nes, Chairman;
- Konstantinos Pantelidis Director and
- George Crystallis, Director.

All members of the Board are independent of the Company's management and material business associates, while Konstantinos Pantelidis and George Crystallis are also independent of the Company's major shareholders.

The Company has established a Nomination Committee, but none of the Board members are currently members of the Nomination Committee. The Company has currently not established a remuneration committee and the Nomination Committee proposes remuneration to the members of the Board of Directors.

1.3.2 The Audit Committee

During 2023, the Audit Committee consisted of the following members:

- Konstantinos Pantelidis, Chairman
- George Crystallis, Member

1.3.3 The Nomination Committee

During 2023, the Nomination Committee consisted of the following members:

- George Papanicolaou, Chairman
- Demetris Kyriakou, Member

1.3.4 The Executive Management Team

During 2023, the Executive Management Team has consisted of:

- Evangelia Panagide, General Manager.
- Christos Neokleous, Chief Financial Officer.

2 REMUNERATION OF THE BOARD OF DIRECTORS

2.1 Key principles for remuneration of the Board of Directors

The Chairman and each member of the Board receives a fixed annual fee, which amount is paid quarterly in arrears. In cases where individual Board members are required to take on specific ad hoc tasks outside their normal duties as Board members, will in such cases receive a fixed fee for the additional work.

Additional fees or benefits may be provided to reflect, for example, accommodation, office, transport and other business-related expenses incurred while carrying out their role.

Remuneration to the Board members is approved by the Annual General Meeting as a separate item on the agenda, as proposed by the Nomination Committee and in accordance with the Remuneration Policy.

2.2 Payment Based Remuneration Table for the period from 1 January 2023 - 31 December 2023

During 2023, the Board members received remuneration as set out below:

USD 000

Name	FY	Fixed Remuneration			Extraordinary Items	Total Remuneration	Proportion of Fixed and Variable Remuneration
		Base Salary	Fees	Fringe Benefits			
Martin Nes	2023	-	75	-	-	75	100% Fixed Remuneration 0% Variable Remuneration
	2022		75			75	
Konstantinos Pantelidis	2023	-	20	-	-	20	100% Fixed Remuneration 0% Variable Remuneration
	2022		20			20	
George Crystallis	2023	-	18	-	-	18	100% Fixed Remuneration 0% Variable Remuneration
	2022		18			18	

The Company has not paid any variable remuneration or incurred any pension expenses to its Board members during 2023.

The remuneration of the Board members supports the main focus of the Board to support the purpose and sustainability of the Company as well as the delivery of Company's strategic priorities.

The table below shows the change of the Board members' total Board fees for the years 2019 until 2023:

USD 000

Change in fees from previous years									
Name	2023 vs. 2022		2022 vs. 2021		2021 vs. 2020		2020 vs. 2019		
	USD	%	USD	%	USD	%	USD	%	
Martin Nes	-	-	0	-	0	0%	0	0%	
Konstantinos Pantelidis	0	0%	-2	-10%	1	5%	0	0%	
George Crystallis	0	0%	1	6%	1	6%	0	0%	

2.3 Share-based remuneration

The Company has not provided share-based remuneration to the Board members during 2023.

As of 31 December 2023, the Board members held shares in the Company as set out below:

Name	Total shareholding
Martin Nes ¹⁾	8,844,864
Konstantinos Pantelidis	-
George Crystallis	-

1) Held through Hanekamb Invest AS

3 REMUNERATION OF THE MANAGEMENT TEAM

3.1 Key principles for the remuneration of the Management Team

The overall objective of the remuneration guidelines for the Management Team can be summarized as set out below:

- The total compensation offered to the members of the Executive Management Team shall be competitive.
- The compensation shall be motivating, both for the individual and for the Executive Management Team as a group.
- Any variable elements in the total compensation to the Company's senior executives shall be linked to the values generated by the Company for the Company's shareholders.
- The system of compensation shall be understandable and meet general acceptance internally in the Company, among the Company's shareholders and with the public.
- The system of compensation shall be flexible and contain mechanisms which make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Company.

The Company offers its Executive Management Team remuneration consisting of fixed salary and the opportunity to participate in a share option program. In addition, the Company may from time-to-time award discretionary bonuses.

The Company cannot demand repayment of variable remuneration unless obvious miscalculations or non-entitled payments have been made.

3.2 Remuneration to the Executive Management Team in 2023

During 2023, the Executive Management received remuneration as set out below:

USD 000

Name of Executive member , position	FY	Fixed Remuneration			Variable Remuneration		Extraordinary Items	Pension Expense	Total Remuneration	Proportion of Fixed and Variable Remuneration
		Base Salary	Fees	Fringe Benefits	One-year Variable	Multi-year Variable				
Christos Neokleous, CFO	2023	65	0	0	18	0	0	9	92	80% Fixed, 20% Variable
	2022	63	0	0	15	0	0	9	87	83% Fixed, 17% Variable
Evangelia Panagide, General Manager	2023	35	0	0	20	0	0	7	62	68% Fixed, 32% Variable
	2022	34	0	0	17	0	0	6	57	70% Fixed, 30% Variable

The Company has not offered share options or any other equity-linked remuneration to the members of the Executive Management Team during 2023.

The fixed remuneration and the pension plan allow the Company to offer its senior executives a competitive salary compared to similar companies, while the variable remuneration incentivizes delivery of the Company's objectives and ensures a clear link with value creation.

3.3 Share-based remuneration

The Company has not provided share-based remuneration to the members of the Executive Management team during 2023. Neither member of the Executive Management team held shares in the Company as of 31 December 2023.

3.4 Comparison of remuneration, Group performance and average remuneration of other employees

The table below shows the change in total remuneration paid to the members of the Executive Management Team for the years 2018 until 2023, compared with the performance of the Company and the average remuneration of employees (on a full-time equivalent basis):

USD 000

Change in total remuneration from previous years								
Name	2023 vs. 2022		2022 vs. 2021		2021 vs. 2020		2020 vs. 2019	
	USD	%	USD	%	USD	%	USD	%
Christos Neokleous	5	6%	-9	-9%	7	8%	5	6%
Evangelia Panagide	5	9%	1	2%	6	12%	2	4%
Change in Company performance								
Profit/(loss) for the year	(37,181)	-93%	26,035	-190%	40,646	151%	(33,451)	511%
Average remuneration of employees								
Average remuneration of employees	5	7%	-4	-5%	7	9%	4	5%

4 DEROGATIONS AND DEVIATIONS FROM THE REMUNERATION POLICY AND THE PROCEDURE FOR IMPLEMENTATION OF THE REMUNERATION POLICY

The Company has not deviated from the guidelines set out in the Remuneration Policy in connection with remuneration granted in 2023.

5 CONSIDERATIONS AT THE ANNUAL GENERAL MEETING

This Report will be presented to the Company's annual general meeting, to be held on 5 June 2024, and will be subject to an advisory vote at such general meeting.