

Petrolia SE

(the "Company")

REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND THE MANAGEMENT TEAM

Overall aim:

The overall aim of this remuneration policy for the Board of Directors and the Executive Management Team (the "Policy") is to provide a framework for remuneration of the Board of Directors and the Management Team of Petrolia SE, (hereinafter the Company), including specific guidelines for incentive pay, based on an understandable and comprehensive overview of the remuneration provided by the Company.

The Policy and the remuneration guidelines herein shall apply to:

- A. the independent members of the Board of Directors;
- B. the members of the Audit Committee and the Nomination Committee; and
- C. the Managing Director and the Finance Manager of the Company (collectively referred to as the "Management Team"), and is subject to approval by the General Meeting of the Company upon its first adoption, and upon any subsequent material changes or at least every four years.

This Policy, is subject to approval by the General Meeting of the company in 2022, and shall become effective immediately following its approval by the Annual General Meeting.

This Policy has been prepared in accordance 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 transposed into Cyprus law by the enactment of "*The Encouragement of the Long-Term Active Participation of the Shareholders Law of 2021 (111(I)/2021*".

Objectives - The overall objectives of this Policy are to:

- A. Support the strategic objectives, growth and sustainability of the Company;
- B. Align the remuneration components with the interests of shareholders and other stakeholders relevant to the above;
- C. Support delivery of the Company's strategic priorities; and
- D. Provide guidelines for establishing the appropriate remuneration to the Management Team in order to attract, retain and motivate employees with the skills, qualifications and experience needed to maximize value creation for the Company and its shareholders.

Preparation and implementation of this Policy

The Board is responsible for preparing this Policy with regards to remuneration guidelines for the Management Team.

The Board is also responsible for implementing and monitoring the remuneration and other terms and conditions of the remuneration for the Management Team pursuant to this Policy.

Furthermore, the Board is responsible for preparing this Policy with regards to remuneration guidelines and for implementing and evaluating the remuneration of the Board Members pursuant to this Policy.

Finally, the Board is responsible for proposing the Policy for adoption at the Company's General Meeting upon any subsequent material changes or at least every four years.

Consideration of employee pay and employment conditions when preparing this Policy

When making decisions about executive remuneration and setting the contents of this Policy, the Board also considered the remuneration arrangements in place locally and globally for similar entities. Compensation for employees outside the Management Team follows the same principles applied to executives, i.e., salary and employment conditions within comparable companies operating in the industry in general.

Conflicts of interest

The Company has already established a Nomination Committee the tasks of which already include, inter alia, the preparation of recommendations for remuneration of the Board members.

Consequently, and provided that the General Meeting approves the proposal from the Nomination Committee, no conflicts of interests should arise in respect of the remuneration of members of the Board (the remuneration payable to the Board members for each year is finally approved by the shareholders at the Annual General Meeting of the Company, following proposals submitted by the Nomination Committee).

The Board acts independently of the Management Team, and no members of the Management Team shall be present at Board meetings where the remuneration of the Management Team is discussed, so as to avoid conflict of interests.

Remuneration Policy for the board of Directors

Article 87 of the Company's Statutes provides that only Independent Directors shall be entitled to Director's Fees which shall, from time to time, be determined by the Company in General Meeting.

In accordance to Art. 112 to 114 of the Company's statutes the Nomination Committee shall act in accordance with instructions laid down by the General Meeting and shall be responsible for putting forward a proposal at the General Meeting with candidates for election as directors.

The Committee shall also propose the directors' remuneration to the General Meeting.

The proposals for the remuneration of the Board members are presented for approval as a separate item on the agenda of the Annual General Meeting before they come into effect.

Fee levels

The Chair, if independent, and each independent member of the Board of Directors receives a fixed annual fee, which amount may be paid quarterly.

Individual Board members may be required to take on specific ad hoc tasks outside their normal duties assigned by the Board, and such tasks may also be agreed through service agreements with companies affiliated to Board members. In each such cases, the Board shall determine a fixed fee for the work carried out related to those tasks. The fixed fee will be disclosed in the annual remuneration report.

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 of the Management Team

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

- A. The total compensation offered to the members of the Management Team shall be competitive.
- B. The compensation shall be motivating, both for the individual and for the Management Team as a group.
- C. Any variable elements in the total compensation to the Company's senior executives shall be linked to the value generated by the Company for the Company's shareholders.

- D. The system of compensation shall be understandable and meet general acceptance internally within the Company, among the Company's shareholders and with the public.
- E. 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 terms and conditions of employment of the Managing Director and the Finance Manager of the Company are decided by the Board

Any salary increases and other amendments to the employment terms shall be based on a review by the Board at the start of each year, taking into account trends in local labour markets, the results achieved, and individual contributions to the development of the Company based on agreed measurable key performance indicators and the recommendations of the Remuneration Committee.

Remuneration elements and guidelines

Set out below is an overview of the various elements of the remuneration of the Management Team.

Fixed salary - The fixed salary which each member of the Management Team receives is a consequence of existing employment agreements.

Adjustments of individual fixed salaries will be carried out in accordance with trends in local labour markets, the results achieved, and individual contributions to the development of the Company.

Purpose and link to strategy: To provide fixed remuneration allowing the Company to offer its senior executives a competitive salary level compared to similar companies.

Benefits in Kind

The Company's remuneration strategy includes only a limited number of benefits in kind, including but not limited to coverage of telephony and any other out of pocket expenses incurred for the purpose of performing the respective duties. These benefits are offered in line with what is common practice in the Cyprus labour market, and the Company intends to continue such benefit schemes in accordance with existing employment agreements and local practice. Purpose and link to strategy: Provide market competitive and cost-effective benefits.

Performance Related Bonus

Purpose and link to strategy: To incentivise delivery of the Company's objectives and ensure a clear link with value creation.

The Company currently has no performance related bonus arrangement with any member of its Management Team.

However, the Company may from, time to time, award discretionary bonuses to its employees.

Such discretionary bonuses will, if paid, be determined by the Chair of the Board.

Share option program

Purpose and link to strategy: The share options are a tool to incentivize the option holders to work for long-term value creation for the Company and its shareholders.

Currently the Company does not operate a share option scheme.

In case where the Board sees that a share option scheme should be introduced for certain employees and key persons in the Company, subject to the General Meeting of the Company authorising, from time to time, the Board of Directors may issue shares under the share option program.

The Board of Directors shall be authorised by the General Meeting to determine who should be offered share options, the number of share options to be allocated to each individual, the strike price

and any other conditions for the share options including expiry of such options and any lock-up provisions.

Employment contracts

Notice periods: The Company may terminate the employment of an executive by giving 3 to 12 months' notice, unless otherwise specified in their respective employment agreement.

Unless otherwise provided in the employment agreement of the members of the Management Team, the employee may terminate its employment by giving the Company 3 to 12 months' notice.

Severance payment

No member of the Management Team is entitled to any severance payment beyond salary accrued during the notice periods for termination of employment.

Board's discretion to deviate from the policy

Provided adherence to the provisions of the relevant laws, rules or regulations (including regulatory, stock exchange control, tax or any other administrative purposes) the Board may, in order to ensure the Company's long-term interests, resolve to temporarily deviate from any sections of this Policy in the following instances:

- A. Upon changes in or amendments to relevant laws, rules or regulations;
- B. Upon other exceptional circumstances where the deviation may be required to serve the long-term interests and sustainability of the Company as a whole or to assure its viability;
- C. Upon changes in the Group structure, organization, ownership and/ or business (i.e., in following a merger, takeover, demerger, acquisition, disposal etc.);
- D. Upon material changes in the Company's strategy and operations; and
- E. Upon a change of the Management Team;

Any deviation from this Policy shall be reported in the remuneration report for the relevant year.

If a deviation continues for a period over 12 months, then the Company shall prepare an amended policy which shall be presented and approved at the following General Meeting.