

S.D. STANDARD DRILLING PLC

REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND THE MANAGEMENT TEAM

1 INTRODUCTION

1.1 About this Policy

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 at S.D. Standard Drilling PLC (the "**Company**"), as well as 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; (i) the Board of Directors (the "**Board**"), (ii) the members of the Audit Committee and the Nomination Committee and (iii) the General Manager and the Chief Financial Officer 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 later upon any material changes or at least every four years. This Policy shall, subject to approval by the general meeting, become effective immediately following the annual general meeting of the Company in 2021. This Policy was last amended in an extraordinary general meeting held in December 2021.

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 enacted into law through the Encouragement of long-term shareholder engagement law of Cyprus in 2021.

1.2 Objectives

The overall objectives of this Policy are to:

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

1.3 Preparation and implementation of this Policy

The Board is responsible for preparing this Policy with regards to remuneration guidelines for the Management Team. Further, the Board is responsible for implementing and evaluating the remuneration and other terms and conditions of the remuneration for the Management Team pursuant to this Policy.

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

The Board is responsible for proposing the Policy for adoption at the Company's general meeting from time to time.

1.4 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 and within the investment and finance industry in general.

1.5 Conflicts of interest

The Company has already established a Nomination Committee which tasks already include *inter alia* the preparation of recommendations for remuneration of the Board members. Consequently, and assuming that the general meeting approves the proposal from the Board, no conflicts of interests should arise in respect of remuneration of the members of the Board. Further, the remuneration payable to the Board members for each year are finally approved by the shareholders in the annual general meeting of the Company, following the proposals submitted by the nomination committee.

The Board acts independently of the Management Team, and no members of the Management Team are present at Board meetings when the remuneration of the Management Team is discussed, so no conflicts of interest should arise in respect of remuneration of the Management Team.

2 REMUNERATION POLICY FOR THE BOARD OF DIRECTORS

2.1 Process

The nomination committee shall prepare proposals for remuneration of Board members. The proposed levels of remuneration to the Board members shall be reviewed at least annually, in connection with the annual general meeting.

The proposals for remuneration of the Board members are presented to the general meeting for approval before they come into effect. The remuneration of the Board members is approved as a separate item on the agenda of the annual general meetings of the Company.

2.2 Fee levels

The Chairman and each 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 case, 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.

2.3 Benefits

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.

3 REMUNERATION OF THE MANAGEMENT TEAM

3.1 Overall objective and principles

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 Management Team shall be competitive.
- The compensation shall be motivating, both for the individual and for the 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.

3.2 Process

The terms and conditions of employment of the General Manager and the Chief Financial Officer of the Company are decided by the Board. If the Company appoints a CEO at a later time, the terms and conditions of employment of such CEO will also be decided by the Board.

Any salary increases and other amendments to the employment terms shall be based on a review by the Chief Financial Officer and the Board at the start of each year, taking into account trends in local labor markets, the results achieved, and individual contributions to the development of the Company.

3.3 Remuneration elements and guidelines

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

3.3.1 Fixed salary

The fixed salary which each member of the Management Team receives is a consequence of existing employment agreements. When entering into employment agreements with persons who are intended to be part of the Management Team, the overall objectives set out in section 3.1 will be taken into account.

Adjustments of individual fixed salaries will be carried out in accordance with trends in local labor 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.

3.3.2 Benefits

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.

3.3.3 Bonus payments

The Company currently has no bonus arrangement with 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 Chairman of the Board.

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

3.3.4 Share option program

The Board of Directors considers that a share option program should be in place for certain employees and key persons in the Company, however subject to the general meeting of the Company authorizing, from time to time, the Board of Directors to issue shares to option holders who have exercised share options.

Under the share option program, the Board of Directors shall be authorized to determine who should be offered share options, the number of share options to be allocated to each individual, as well as the strike price and other conditions for the share options.

Any share options granted shall be subject to vesting periods of up to 36 months from their date of grant and will also be subject to individual expiration periods (implying that share options will expire automatically if they are not exercised with a certain amount of time). The share options will generally not be subject to lock-up provisions.

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.

3.4 Employment contracts

3.4.1 Notice periods

The Company may terminate the employment of an executive by giving 3 to 6 months' notice, unless otherwise specified in their respective employment agreement.

Unless otherwise provided in the employment agreement of the members of the Executive Team, the employee may terminate its employment by giving the Company 3 to 6 months' notice.

3.4.2 Severance payment

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

4 BOARD DISCRETION TO DEVIATE FROM THIS POLICY

The Board may, to ensure the Company's long-term interests, resolve to temporarily deviate from any sections of this Policy in the following instances;

- Upon change of the Chief Financial Officer and other members of the Management Team;
- Upon changes in the Group structure, organization, ownership and/ or business (for example in relation to mergers, takeovers, demergers, acquisitions etc.);
- Upon material changes in the Company's strategy;
- Upon changes in or amendments to relevant laws, rules or regulations (for example for regulatory, stock exchange control, tax or administrative purposes or to consider changes in legislation or corporate governance requirements or guidance); and
- 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.

Any deviation from this Policy shall be reported in the remuneration report for the relevant year. If a deviation has continued so that it cannot be deemed temporary, the Company shall prepare an amended policy to be presented at the next possible general meeting.