

# CORPORATE GOVERNANCE POLICY

*Adopted by the board of directors on 15 May 2024,  
effective from the first day of trading of the Company's shares on Oslo Børs*

## 1 PRINCIPLES FOR CORPORATE GOVERNANCE POLICY

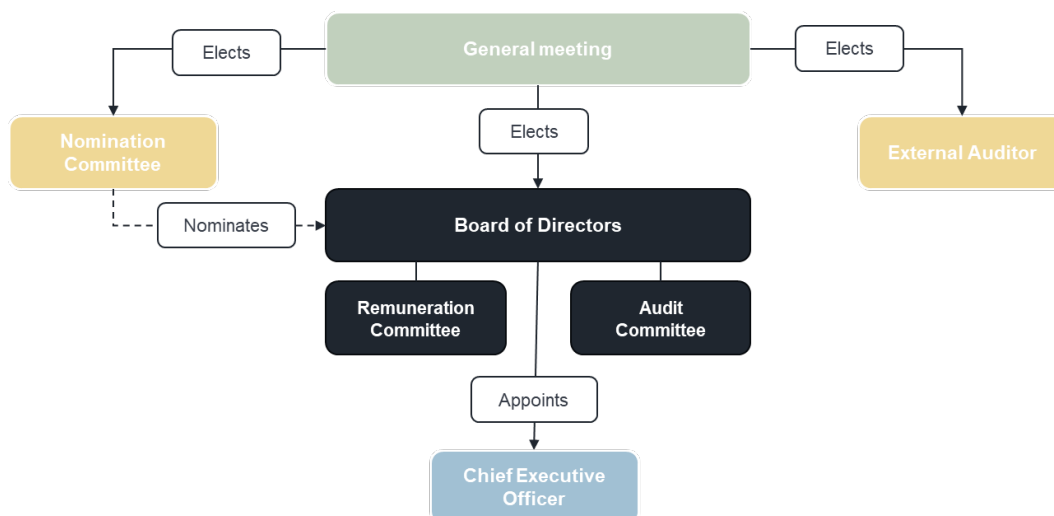
Cavendish Hydrogen ASA (the "**Company**") and together with its subsidiaries, the "**Group**") believes that good corporate governance builds confidence among shareholders, employees, partners, customers, and other stakeholders, and thereby supports maximum value creation over time. As a company which conducts global business, the Company's compliance system is vital in order to achieve sustainable value creation and a robust culture.

In order to secure sound and sustainable corporate governance, the Company's board of directors (the "**Board**") has adopted a number of policies, including this corporate governance policy, specifying the procedures and principles for corporate governance in order for the Company's business to be conducted to the benefit of shareholders, employees and society as a whole.

The Company's policy for corporate governance is intended to decrease business risk, maximize value, gain access to capital and increase trust from shareholders by ensuring good and healthy business practices, reliable financial reporting and an environment of compliance with applicable legislation and regulations across the Group. The contents of this corporate governance policy, together with the other policies adopted by the Board, applies to the entire Group, effectively from the first day of trading of the Company's shares on Oslo Børs.

## 2 CORPORATE GOVERNANCE STRUCTURE

The Company has made a firm commitment to ensure trust in the Company and to enhance shareholder value through efficient decision-making and communication between the Company's executive management team (the "**Management**"), its Board and shareholders. This corporate governance policy aims to establish a foundation for robust and sustainable corporate governance within the Company, as outlined in the structure set out below:



### 3 OVERVIEW OF KEY INFORMATION

The Company is a public limited liability company incorporated under the laws of Norway with shares admitted to trading on Oslo Børs. As a Norwegian public limited liability company listed on a regulated market, the Company will be subject to a number of requirements set out in legislation, rules and recommendation, of which the key regulations are summarized below:

Overview of key legislation	
<b>Applicable legislation</b>	<ul style="list-style-type: none"> <li>• The Norwegian Public Limited Liability Companies Act (the "<b>Companies Act</b>");</li> <li>• the Norwegian Securities Trading Act (the "<b>STA</b>");</li> <li>• the regulations to the STA (the "<b>Securities Trading Regulations</b>");</li> <li>• Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), as implemented in Norway in accordance with section 3-1 of the STA ("<b>MAR</b>");</li> <li>• Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended and as implemented in Norway in accordance with section 7-1 of the STA (the "<b>EU Prospectus Regulation</b>");</li> <li>• the Norwegian Transparency Act (the "<b>Transparency Act</b>");</li> <li>• the Norwegian Accounting Act (the "<b>Accounting Act</b>"); and</li> <li>• other applicable legislation, Norwegian as well as foreign.</li> </ul>
<b>Applicable rules and recommendations</b>	<ul style="list-style-type: none"> <li>• Euronext Rule Book – Book I: Harmonised Rules ("<b>Rule Book I</b>") and Oslo Rule Book II – Issuer Rules regarding non-harmonised rules for issuers listed on Oslo Børs ("<b>Rule Book II</b>" and, together with Rule Book I, the "<b>Rule Books</b>"), as interpreted or implemented by "notices" issued by Oslo Børs for the purpose of interpreting or implementing the rules set out in the Rule Books or any other purpose contemplated by the Rule Books;</li> <li>• the Norwegian Code of Practice for Corporate Governance (<i>Nw. "Norsk anbefaling for eierstyring og selskapsledelse"</i>), as amended from time to time (the "<b>Code</b>"); and</li> <li>• other applicable rules and recommendations, Norwegian as well as foreign.</li> </ul>
<b>Competent supervisory authorities</b>	<ul style="list-style-type: none"> <li>• The Norwegian Financial Supervisory Authority (<i>Nw. Finanstilsynet</i>) (the "<b>NFSA</b>"): The NFSA's remit is to promote financial stability and well-functioning markets through its supervision of companies and markets. The NFSA <i>inter alia</i> examines the management and control procedures established by listed companies and reviews their financial reporting and documentation.</li> <li>• Oslo Børs: Oslo Børs monitors market activity and issuers' compliance with the statutory requirements to which they are subject as a result of having financial instruments admitted to trading on a trading venue. These requirements include issuers' obligations in relation to reporting, the disclosure of information, and the prohibition against market abuse. The monitoring activities are the primary responsibility of Oslo Børs' Market Surveillance Department.</li> </ul>

### 4 OBJECTIVES OF THE CORPORATE GOVERNANCE POLICY

This corporate governance policy has been established based on the Code and the principles set out herein are aimed to establish a basis for good corporate governance and support the Company in achieving its core objectives. Unless otherwise specified, these corporate governance principles apply to all Group entities.

The Company believes that good corporate governance involves transparent and trustful cooperation between all parties involved with the Group and its business. This includes the Company's shareholders, Board and Management, employees, customers, suppliers, and other business partners, as well as public authorities and society at large.

The following objectives for the Company's corporate governance are aimed to be achieved when honoring the principles set forth herein:

- **Independence.** Independence between the Company's corporate bodies and shareholders will ensure that all resolutions are made on an unbiased and neutral basis. The relationship between the Board, Management and shareholders of the Company is based on independence principles.
- **Transparency.** Transparency and openness in relation to issues relevant for the evaluation of the development and position of the Company in any communication with the Company's shareholders, stakeholders and other interest groups will strengthen the confidence in the Company.
- **Equal treatment.** A fundamental objective for good corporate governance is equal treatment and equal rights for all of the Company's shareholders.
- **Control and management.** Sound control and corporate governance mechanisms shall contribute to predictability and reduce the level of risk for the Company's shareholders, stakeholders and other interest groups.

## 5 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Company will annually report on its corporate governance and compliance with applicable requirements and recommendations.

As the Code is based on a "*comply or explain*"-principle, the Company shall as a listed company comply with the provisions of the Code or account for any deviations from the Code. The Board will include a corporate governance report on the Company's corporate governance in each annual report (or in a document referred to therein), including an explanation of any deviations from the Code. The corporate governance report of the Company is subject to annual reviews and discussions by the Board, and shall be produced in accordance with the Code, Rulebook II and the Accounting Act, and shall cover each section of the Code.

The main purpose of the Code is to ensure (i) that listed companies implement corporate governance that clarifies the respective roles of shareholders, the Board and the Management more comprehensively than what is required by legislation and (ii) effective management and control over activities with the aim of securing the greatest possible value creation over time in the best interest of companies, shareholders, employees and other parties concerned.

The Company will seek to comply with the Code.

## 6 THE COMPANY'S OPERATIONS AND BUSINESS OBJECTIVE

The Company's objective is defined as follows in the Company's articles of association:

*"The company's business is to operate, including develop and manufacture, invest in and/or own rights related to the production of hydrogen fueling stations or other related business areas, and everything related thereto."*

The Board has defined objectives, strategies and risk profiles for the Group's business activities, including that the Company creates value for its shareholders in a sustainable manner. The Company's objectives, strategies and risk profiles are evaluated annually. Furthermore, it is the Board's responsibility from time to time to identify and assess which aspects of sustainability that are relevant to the Group's business. The Board should establish guidelines for how it integrates considerations related to its stakeholders into its value creation.

**Deviations from the Code:** None.

## **7 EQUITY AND DIVIDENDS**

### **7.1 Equity**

The Board is responsible for ensuring that the Group is adequately capitalized relative to the risk and scope of operations and that the capital requirements set forth in laws and regulations are met.

The Company shall at all times have an equity capital at a level appropriate to its objectives, strategy and risk profile. The Board shall continuously monitor the Group's capital situation and shall immediately take adequate steps if the Company's equity or liquidity is less than adequate.

### **7.2 Dividend policy**

The Board's ambition is that the Company's shareholders will achieve a competitive return on their investment over time through a combination an appreciation of the value of the shares, and in the longer term attractive dividends. The Company's dividend policy is to not pay dividends at this stage, considering the current development of the industry in which the Company operates.

Going forward, the Company will prioritize long-term value creation through development of technology and product, growth of organizational and production capacity and capability, and in becoming a more solid counterparty for its customers. Hence, the Company does not intend to declare or pay any dividends to shareholders in the near future. There can be no assurance that in any given year a dividend will be proposed or declared.

Any future proposal by the Board to declare dividends will be subject to applicable laws and will be dependent on a number of factors, including the Company's financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, maintaining the appropriate strategic flexibility, and other factors that the Board may deem relevant. Any proposal on authorizations to the Board to distribute dividends shall be explained, including, inter alia, the background for the proposal and how it is justified in the Company's dividend policy.

### **7.3 Board authorizations to increase the share capital or purchase the Company's shares**

Any authorization granted to the Board to increase the Company's share capital or to purchase the Company's own shares shall be restricted to defined purposes. If the Board proposes that the general meeting grants such authorizations, each authorization shall be assessed and resolved separately by the general meeting. An authorization granted to the Board to increase the Company's share capital or to purchase the Company's own shares shall be limited in time, and shall in no event last longer than two years. The Code recommends that these board authorizations are limited in time to the next annual general meeting, such that any authorization granted is reassessed annually. The Board intends to adhere to this recommendation.

No authorization granted to the Board can be used prior to being registered in the Norwegian Register of Business Enterprises (*Nw. Foretaksregisteret*).

**Deviations from the Code:** None.

## **8 EQUAL TREATMENT OF SHAREHOLDERS**

### **8.1 Share classes**

The Company has one class of shares. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

### **8.2 Pre-emption rights**

According to the Companies Act, the Company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may, however, be set aside, either by the general meeting or by the Board if the general meeting has granted a board authorization which allows such deviation. Any resolution to set aside pre-emption rights must be justifiable when taking into account the common interests of the Company and its shareholders, and such justification will be publicly disclosed through a stock exchange notice by the Company.

### **8.3 Transactions in treasury shares**

The Board will aim to ensure that all transactions in treasury shares are carried out either through the trading system at Oslo Børs or at prevailing prices at Oslo Børs and in accordance with MAR. The Board will evaluate any transaction in treasury shares in relation to, inter alia, the following rules, requirements and prohibitions:

- the rules on duty of disclosure, cf. article 17 of MAR;
- the requirement for equal treatment of all shareholders, cf. section 5-14 of the STA;
- the prohibition of use of inside of inside information, cf. article 8 of MAR;
- the prohibition of market manipulation, cf. article 12 of MAR; and
- the prohibition of unreasonable business methods, cf. section 3-7 of the STA.

In the event of share buy-back program, the Board will take the Company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

All transactions in treasury shares shall be publicly disclosed in a stock exchange announcement.

**Deviations from the Code:** None.

## **9 FREELY NEGOTIABLE SHARES**

The shares of the Company are freely transferable. There are no restrictions on transferability of shares pursuant to the Company's articles of association or any other limitations of any party's ability to own, trade or vote for shares in the Company.

**Deviations from the Code:** None.

## 10 GENERAL MEETINGS

The Board shall ensure that as many of the Company's shareholders as possible are able to exercise their voting rights at the Company's general meetings, and that the general meeting is an effective forum for shareholders and the Board.

The notice for a general meeting, with reference to or attached support information on the resolutions to be considered at the general meeting, shall as a principal rule be sent to shareholders no later than 21 days prior to the date of the general meeting. The Board will seek to ensure that the resolutions and supporting information are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the general meeting. The notice and support information, as well as a proxy voting form, will be made available on the Company's website no later than 21 days prior to the date of the general meeting.

Deadlines for shareholders to give notice of their attendance at the general meeting shall be set as close to the date of the general meeting as practically possible. The time limit may not expire earlier than two business days before the general meeting. As stipulated in the Company's current articles of association, the Board may decide that shareholders who wish to attend the general meeting shall notify the Company thereof no later than two business days before the general meeting, unless the Board sets a later deadline in the notice of the general meeting. The same applies pursuant to the Companies Act for shareholders whose shares are registered on a nominee account. Further, only those who own shares in the company on the fifth business day before the general meeting (the record date) will have the right to attend and to vote for their shares as of the record date.

The Board and the chair of the general meeting shall ensure that the shareholders are able to vote separately on each candidate nominated for election to the Board and other corporate bodies (if applicable).

The chair of the Board and the CEO shall be present at general meetings. It is the intention to have representatives of the Board (and nomination committee) to attend the general meeting. The Company will, however, normally not have the entire Board attend the meeting as this is considered unnecessary. This represents a deviation from the Code which states that arrangements shall be made to ensure attendance by all Board members. The chair of the nomination committee should attend annual general meetings in order to present the committee's recommendations and answer any questions. The auditor shall be present at general meetings where matters of relevance are on the agenda.

The general meeting shall be chaired by an independent person.

General meetings shall be held either physically or electronically or as a combination of the two in compliance with the requirements of the Companies Act. The Company shall facilitate electronic participation unless the Board finds that it has reasonable cause to refuse such electronic participation.

Shareholders who are unable to attend the general meeting shall be given the opportunity to be represented by proxy and to vote by proxy. The Board shall in this respect, with regards to the notice of the general meeting provide information on the procedure for attending by proxy, nominate a person who will be available to vote on behalf of non-attending shareholders as their proxy (normally being the chair of the Board), and prepare a proxy form, which, to the extent possible, shall make it possible to vote separately on each individual matter on the agenda and each candidates nominated for election.

**Deviations from the Code:** None, other than that the Company will normally not have the entire Board attend the meeting as this is considered unnecessary.

## 11 NOMINATION COMMITTEE

The Company's articles of association provide for a nomination committee, which is currently composed of three members. The members and chair of the nomination committee are elected by the general meeting.

The majority of the committee should be independent of the board of directors and the executive personnel. The nomination committee should not include any executive personnel or any member of the Company's Board.

The objectives, responsibilities and functions of the nomination committee shall be in compliance with rules and standards applicable to the Company, which are described in the Company's "Instructions for the Nomination Committee" adopted by the general meeting on 15 May 2024. The Company shall ensure that shareholders have information about the composition of the nomination committee and deadlines for submitting proposals to the nomination committee.

The nomination committee is responsible for presenting proposals to the general meeting regarding (i) candidates to be elected as members to the Board, (ii) candidates to be elected as members to the nomination committee, and (iii) remuneration of the Board members, the Board's sub-committees and the nomination committee. The general meeting may in its discretion resolve whether to approve, reject or amend (in whole or in part) any proposal made by the nomination committee.

The nomination committee's recommendation of candidates to the Board shall ensure that the Board is composed to comply with legal requirements and principles of corporate governance.

The nomination committee's recommendation of candidates to the nomination committee shall ensure that it reflects the interests of shareholders in general.

The recommendations from the nomination committee shall include a reasoning for the proposal of each individual candidate, as well as a statement on how the committee has carried out its work. The nomination committee's reasoning for its recommendation shall include information about each candidate's competence, capacity, independence and other relevant factors for the general meeting to adopt a resolution on a sufficiently informed basis. The recommendation shall be made available 21 days in advance of the general meeting (i.e. the same deadline for distributing the notice for a general meeting).

Shareholders shall be given the opportunity to submit proposals to the nomination committee for candidates up for election to the Board and other appointments in a simple and easy manner. A date for when such proposals must be submitted to be considered by the nomination committee shall be communicated.

**Deviations from the Code:** None.

## 12 COMPOSITION AND INDEPENDENCE OF THE BOARD OF DIRECTORS

Pursuant to the Company's articles of association, the Board shall consist of between three and seven members.

The Board's composition shall ensure that it can attend to the common interests of all shareholders in the Company and meet the Company's need for expertise, capacity and diversity in order to achieve



the Company's goals and handle its main challenges. Attention should be paid to ensure that the Board can function effectively as a collegiate body.

The composition of the Board should ensure that it can operate independently of any particular interests. Each Board member should have sufficient time available to devote to his or her appointment as a Board member. The members of the Board shall be willing and able to work as a team, thereby enabling the Board to work efficiently as a collegium. The majority of the shareholder-elected Board members shall be independent of the Management and material business contacts. At least two of the shareholder-elected Board members shall be independent of the Company's main shareholder(s). A shareholder is considered to be a major shareholder if it owns or controls 10% or more of the Company's shares or votes, and the Board members' independence from such shareholder(s) shall entail that there are no circumstances or relations that may reasonably be expected to influence an independent assessment by the relevant Board member(s).

The Board shall not comprise members from the Management. At least half of the members of the Board shall reside in Norway, another EEA country or the United Kingdom of Great Britain and Northern Ireland or Swiss Confederation, unless the Norwegian Ministry of Trade, Industry and Fisheries (*Nw. Nærings- og fiskeridepartementet*) has granted the Company an exemption from this statutory residency requirement.

The composition of the Board shall be in compliance with the gender representation requirements set out in section 6-11 a of the Companies Act and represent sufficient diversity of experience and expertise to help ensure that the Board is able to carry out its work in a satisfactory manner and in accordance with the Group's objectives.

All members of the Board, including the chair, shall be elected by the Company's general meeting. The term of office for the respective Board members shall not be longer than two years at a time, but members of the Board may be re-elected. The re-election of the members of the Board should be phased, to prevent that the entire Board is replaced at once.

The Company's annual report should provide information to illustrate the expertise of the Board members and information on their record of attendance at Board meetings. Furthermore, the annual report shall specify which members are considered to be independent.

The Company encourages Board members to own shares in the Company, as this may contribute to increased economic relations between the shareholders and the members of the Board.

**Deviations from the Code:** None.

## **13 THE WORK OF THE BOARD OF DIRECTORS**

### **13.1 The rules of procedure for the Board**

The Board is responsible for the overall management of the Company, and shall supervise the Company's business and the Company's activities in general.

The Companies Act regulates the duties and procedures of the Board. In addition, the Board has adopted supplementary rules of procedures providing further details on inter alia the duties of the Board and the chief executive officer (the "**CEO**"), the division of work between the Board and the CEO, notices of Board proceedings, administrative procedures, minutes, board committees, transactions between the Company and the shareholders and related parties and matters or confidentiality.



The Board shall produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The CEO shall at least once a month, by attendance or in writing, inform the Board about the Company's activities, position and profit trend.

The Board's consideration of material matters in which the chair of the Board is, or has been, personally involved, shall be chaired by another Board member.

The Board shall evaluate its performance and expertise annually.

**Deviations from the Code:** None.

### 13.2 Conflict of interests and disqualification

A member of the Board and Management cannot consider matters in which it or any of its related parties has a special financial or prominent personal interest. Each Board member shall ensure that the Board and Management are aware of any material interests that they may have in matters to be considered by the Board, so that these can be considered in an unbiased and satisfactory manner.

**Deviations from the Code:** None.

### 13.3 Related party transactions

Transactions between the Company and its shareholders, a shareholder's parent company, members of the Board, Management or a closely associated persons to any such party that are deemed material under the Companies Act, are subject to approval by the general meeting. Furthermore, the Board is required to arrange for an independent auditor statement in relation to such transactions.

The Board shall prepare an instruction on how the Board and Management shall deal with agreements with related parties, including whether an independent valuation must be obtained. The Board shall present all such agreements in the Company's annual report.

**Deviations from the Code:** None.

### 13.4 Committees

#### 13.4.1 Sub-committees

The members of the Board, as a collegial body, are jointly responsible for making decisions. This means that no part of the decision making responsibility can be delegated to Board committees, thus making the role of appointed sub-committees of the Board only preparatory. Sub-committees may however yield efficiency in the Board's work and secure a more thorough and independent handling of matters under the responsibility of the Board.

If sub-committees are appointed, the Board shall issue specific instructions for their work. Furthermore, the sub-committees shall have the ability to utilize resources available in the Company or be able to seek advice and recommendations from sources outside of the Company. The Board shall also provide details of the sub-committees in the Company's annual report.

#### 13.4.2 The audit committee

The Company's audit committee is governed by the Companies Act, Rule Book II, recommendations in the Code and separate instructions adopted by the Board. The members of the audit committee are appointed by and among the members of the Board. The entire Board should not function as the

Company's audit committee. A majority of the members shall be independent of the Company's business, of which at least one member shall have qualifications within accounting or auditing.

The objectives, responsibilities and functions of the audit committee shall be in compliance with rules and standards applicable to the Company, as described in the Company's "Instructions for the audit committee".

#### 13.4.3 The remuneration committee

The Company shall have a remuneration committee in order to ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. The members of the remuneration committee shall be appointed by and among the Board members, and shall be independent of the Company's executive personnel. However, as of the date of this policy, the member of the remuneration committee (Jon André Løkke) is not considered independent of executive personnel. It is noted that Board member Løkke did in previous roles in Nel ASA not at any time report to any individual currently employed in the Group. While Løkke is not considered independent of executive personnel, his previous experience with compensations structures and levels in the hydrogen industry makes him a valuable member of the remuneration committee. The Company therefore believes a deviation from the Code on the requirement of committee members to be independent is justifiable in this case.

The remuneration committee shall prepare, subject to approval by the Board and the general meeting as required under applicable law:

- (i) guidelines on determination of salaries and other remuneration for executive personnel in accordance with the Companies Act section 6-16 a;
- (ii) an annual report on salaries and other remuneration for executive personnel in accordance with the Companies Act section 6-16 b; and
- (iii) other matters relating to remuneration and other material employment issues in respect of the executive personnel.

The objectives, responsibilities and functions of the remuneration committee shall be in compliance with rules and standards applicable to the Company, as described in the Company's "Instructions for the remuneration committee".

### 13.5 Annual evaluations

The Board shall annually evaluate its performance and expertise for the previous year. This evaluation shall include the composition of the Board and the manner in which its members function, individually and as a group, in relation to the objectives set out for its work. The report shall be made available to the nomination committee.

**Deviations from the Code:** None, other than in relation to the remuneration committee's independence of executive personnel as discussed above.

## 14 RISK MANAGEMENT AND INTERNAL CONTROL

### 14.1 Control systems for risk management and internal control

Risk management and internal control are given high priority by the Board ensuring that adequate systems for risk management and internal control are in place. The control system consists of interdependent areas which include risk management, control environment, control activities,

information and communication and monitoring. By implementing effective internal control systems and risk management systems, the Group may be better protected against situations that could damage its reputation or financial standing.

The Management is responsible for establishing and maintaining sufficient internal control over financial reporting. Company specific policies, standards and accounting principles have been developed for the annual and quarterly financial reporting of the Group. The CEO and the chief financial officer supervise and oversee the external reporting and the internal reporting processes. This includes assessing financial reporting risks and internal controls over financial reporting of the Group. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards as adopted by the EU.

The Board shall ensure that the Company has sound internal control and systems for risk management, including compliance to the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility. The Company's Code of Conduct describes the Company's ethical commitments and requirements related to business practice and personal conduct. If employees experience situations or matters that may be contrary to rules and regulations or the Company's Code of Conduct, they are urged to raise their concern with their immediate superior or another manager in the Company.

**Deviations from the Code:** None.

#### 14.2 Annual review and monitoring

The Board shall undertake a complete annual review of risks related to the Group's business, to be carried out together with the review of the annual financial statements. The audit committee shall assist the Board on an ongoing basis in monitoring the Company's system for risk management and internal control. In connection with the quarterly financial statements, the audit committee shall present to the Board reviews and information regarding the Company's current business performance and risks.

The Board shall describe the main features of the Company's internal control and risk management systems in the annual report, as they are connected to the Company's financial reporting. This shall cover the control environment in the Company, risk assessment, control activities and information, communication and follow-up. The Board is obligated to ensure that it is updated on the Company's financial situation and shall continually evaluate whether the Company's equity and liquidity are adequate in relation to the risk associated with the Company's activities, and take immediate action if the Company's equity or liquidity at any time is believed to be inadequate.

The Management shall provide the Board with frequent and relevant reporting of both operational and financial matters, in order to ensure that the Board has sufficient information for their decision-making and is able to respond quickly to changing conditions.

**Deviations from the Code:** None.

### 15 REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board shall be resolved by the Company's general meeting, based on the proposal from the nomination committee. The remuneration should reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. The remuneration should not be linked to the Company's performance, and share options shall not be granted to Board members. However, Board members are generally encouraged to own shares in the Company, and

arrangements enabling Board members to invest part of their remuneration in shares in the Company at market price should be considered.

The annual report shall provide details of all elements of the remuneration and benefits of each member of the Board, which includes a specification of any remuneration in addition to normal fees to the members of the Board.

Members of the Board and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board.

**Deviations from the Code:** None.

## **16 REMUNERATION OF THE EXECUTIVE MANAGEMENT**

The Board shall, with the assistance from the Company's remuneration committee, prepare clear guidelines for determination of salary and other remuneration to executive personnel in accordance with the Companies Act section 6-16 a. The guidelines shall contribute to the Company's business strategy, long-term interests and financial viability and contain the information set out in section 6-16 a of the Companies Act and the related regulation to such rule. The guidelines will be made available to and shall be approved by the general meeting when a material change is made to the guidelines, and at least every fourth year.

The Board shall, with the assistance from the Company's remuneration committee and based on the guidelines approved by the general meeting, prepare a report on remuneration to executive personnel and the Company's compliance with the remuneration guidelines on an annual basis, in accordance with the Companies Act section 6-16 b.

The remuneration committee shall see to that the Company's arrangements in respect of salary and other remuneration help ensure the executive personnel and shareholders of the Company have convergent interests.

Any performance-related remuneration shall be linked to value creation for shareholders or to the Company's profit over time and shall be subject to an absolute limit.

**Deviations from the Code:** None.

## **17 INFORMATION AND COMMUNICATIONS**

### **17.1 General**

The Board has adopted guidelines on disclosure of financial and other information, which sets forth the Company's disclosure obligations and procedures in line with applicable requirements for companies listed on Oslo Børs. The Board will seek to ensure that market participants receive correct, clear, relevant and up-to-date information in a timely manner, taking into account the requirement for equal treatment of all participants in the securities market.

Relevant information from the Company will be communicated in general meetings, in the Company's financial reports, press releases, stock exchange announcements and presentations in accordance with the requirements for at any given time. Such information shall be published on Newsweb through Oslo Børs' information system NewsPoint and/or be published on the Company's website. The Company will each year publish a financial calendar, providing an overview of the dates for major events such as its annual general meeting and publication of interim reports.

Separate guidelines have been drawn up for handling of inside information, see the Company's "Insider Policy". Further, the Company shall have a contingency plan on how to respond media requests about company events of particular interest.

## 17.2 Information to shareholders

In addition to the dialogue with the Company's shareholders in the form of general meetings, the Board should make suitable arrangements for shareholders to communicate with the Company at other times. This will increase the Board's understanding of which matters affecting the Company from time to time are of particular concern to shareholders.

A separate policy in investor relations, "Investor Relations Policy", has been drawn up to ensure that the Company's investor relations activities are compliant with relevant rules, regulations and recommended practices and to further build confidence and trust in the Company.

**Deviations from the Code:** None.

## 18 TAKEOVERS

In the event the Company becomes the subject of a takeover bid, the Board and Management shall seek to ensure that the Company's shareholders are treated equally and that the Company's business is not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess any such offer.

There are no defense mechanisms against takeover bids in the Company's articles of association, nor have other measures been implemented to specifically hinder acquisitions of shares in the Company. The Board has not established written guiding principles for how it will act in the event of a takeover process, as such situations are normally characterized by concrete and one-off situations which make a guideline challenging to prepare. In the event a takeover were to occur, the Board will however consider the relevant recommendations in the Code, including the following:

- (i) The Board shall not seek to hinder or obstruct any takeover offer for the Company's business or shares unless it has valid and particular reasons for doing so, including, but not limited to, the valuation of the Company.
- (ii) The Board shall not exercise mandates or pass any resolutions with the intention of obstructing the takeover offer unless this is approved by the general meeting following announcement of the bid.
- (iii) The Board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company.
- (iv) The Board shall not enter into an agreement with any offeror that limits the Company's ability to arrange other offers for the Company's shares, unless it is self-evident that such an agreement is in the common interest of the Company and its shareholders.
- (v) The Board and Management shall not invoke measures with the intention of protecting their own personal interests at the expense of the interests of shareholders.
- (vi) The Board must be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

If a takeover offer is made for the Company's shares, the Board shall issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's

statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The Board shall arrange a valuation from an independent expert. The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the Board's statement.

The Board shall ensure that neither inside information about the Company, nor any other information that must be assumed to be relevant for shareholders in a takeover process, remains unpublished. Any agreements entered into between the Company and the offeror that are material to the market's evaluation of the offer should be publicly disclosed no later than at the same time as the announcement of the offer is published.

A transaction that is in effect a disposal of the Company's activities, should as a general rule be subject to a resolution by the Company's general meeting.

**Deviations from the Code:** The Board has not established written guiding principles for how it will act in the event of a takeover process, as such situations are normally characterized by concrete and one-off situations which make a guideline challenging to prepare.

## 19 AUDITOR

The Board will require the Company's auditor to annually present to the audit committee a review of the Company's internal control procedures (including weaknesses identified by the auditor and proposals for improvement) and submit the main features of the plan for the audit of the Company.

Furthermore, the Board will require the auditor to participate in meetings of the Board that deal with the annual financial statements, in which the auditor shall report on (i) any material changes in the Company's accounting principles and key aspects of the audit, (ii) any material estimated accounting figures and (iii) all material matters which has been subject to a disagreement between the auditor and the Management, if any.

At least one audit committee meeting with the auditor shall be held each year in which no member of the Management is present. The audit committee shall review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represents a threat to the independence of the auditor. The auditor shall provide the audit committee with information on services other than statutory audit provided to the Company during the course of the financial year and any other circumstances that may impact the auditor's independence, and provide evidentiary documentation of the measures implemented to deal with such circumstances.

The Board shall establish guidelines in respect of the use of the auditor by the Management for services other than the audit.

The remuneration to the auditor for statutory audit will be approved by the annual general meeting, including a break-down of the fee paid for audit work and fees paid for other specific assignments, if any. The auditor shall attend the general meeting if the matters to be dealt with are of such nature that his or her presence is deemed necessary. The auditor is in any case entitled to participate in the general meeting.

**Deviations from the Code:** None.