

## Corporate Governance

Pursuant to section 3, sub-section 3b of the Norwegian Accounting Act, North Energy is required to include a description of its principles for good corporate governance in the Directors' report of its Annual Report or, alternatively, refer to where this information can be found. The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian code of practice for corporate governance (the code), which can be found at [www.nues.no](http://www.nues.no). Observance of the code is based on the "comply or explain" principle, which means that companies must explain either how they comply with each of the recommendations in the code or why they have chosen an alternative approach. The Euronext Oslo Stock Exchange requires that listed companies on Oslo Børs and Euronext Expand provide an explanation of their corporate governance policy annually. Current requirements for companies listed on the Oslo Stock Exchange can be found at <https://www.euronext.com/en/markets/oslo>.

The following information is presented according to the same structure as the code and contains the same 15 main elements.

### 1. Implementation and reporting on corporate governance

It is the executive management's job to ensure that the areas of responsibility, individually and collectively, are prioritized according to the Company's values and business codes. The Company has established clear guidelines for corporate social responsibility. These can be found on the Company's website, [www.northenergy.no](http://www.northenergy.no).

### 2. The business

North Energy's business purpose is to directly or indirectly own, manage and provide financing for activities within the energy industry, and other industries where the company has relevant competence.

North Energy targets to become a successful and respected investment company. The Company will achieve this through solid fundamental analysis and a focus on long-term value creation. Where relevant, the company seeks to create value for the shareholders in a sustainable manner.

North Energy's Articles of Association specify clear parameters for its operations, while its vision, goals and strategies are at the core of its management philosophy and operations.

### 3. Equity and dividends

The Board of Directors adopted a new dividend policy valid from the accounting year 2022, which states that "The Company intends to distribute an annual dividend that approximates 3% of year end Net Asset Value". In accordance with the policy, the Board intends to propose a dividend of NOK 0.10 per share for 2023. The Company's dividend policy is also outlined on its website.

The Company has a strong financial platform and a solid foundation for executing its strategy as an industrial investment company. Going forward, available financial funds are expected to be deployed to support this core strategy.

All proposals from the Board concerning dividends must be approved by shareholders at the General Meeting to ensure that the Company's equity and dividend are consistent with its objectives, strategies, and risk profile.

Equity as of December 31, 2023, for the group was NOK 321 million, compared with NOK 308 million at year-end 2022, giving an equity ratio of 94 per cent, which is at the same level as year-end 2022.

Equity for the parent company was NOK 369 million at year-end 2023, compared to NOK 397 million at year-end 2022. The decrease in equity from last year is mainly due to a loss of NOK 16.1 million for the year and dividend payment of NOK 11.7 million.

The Company has a multicurrency credit facility with DNB for a total amount of NOK 49 million where the Company uses listed financial investments as collateral. This gives the Company more flexibility when it comes to liquidity management.

Cash and cash equivalents totaled NOK 6 million as of December 31<sup>st</sup> while the credit facility was utilized with NOK 13.6 million. Available liquidity of NOK 41.4 million, which consist of cash and unutilized credit facility, is regarded as satisfactory in relation to the Company's future obligations.

At the AGM on June 9, 2023, the Company's Board was granted authorization to increase the share capital with 11,904,706 shares, equaling an increase of 10 per cent. At present, this authorization is not used.

#### **4. Equal treatment of shareholders and transactions with close associates**

Should North Energy be a party to any transaction that may involve a close associate of the Company or other companies that Directors, senior executives or their close associates have a significant interest in, whether directly or indirectly, the parties concerned must immediately notify the Board. All such transactions must be approved by the Chief Executive Officer and the Board and, where required, a market notification must be sent.

#### **5. Freely negotiable shares**

The North Energy share is listed on the Euronext Expand Oslo exchange. All shares are freely negotiable. The Articles of Association impose no restrictions on the negotiability of the share.

#### **6. General Meetings**

The AGM is North Energy's highest authority. The Company's AGM in 2023 was held in accordance with the Public Companies Act.

The Board endeavors to ensure that the General Meeting is an effective forum for communication between the Board and the Company's shareholders. Thus, the Board makes provision for the highest possible participation by the Company's owners at the General Meeting. Notice of the meeting and supporting documentation for items on the agenda are made available on the Company's website no later than 21 days before the General Meeting. Provision is also made for shareholders to vote in advance of the Company's General Meeting, and elections are organized such that it is possible to vote individually for candidates nominated to serve in the Company's elected bodies. Shareholders who cannot attend the General Meeting in person are able to appoint a proxy to vote on their behalf. Proxy forms are provided that allow the proxy to be instructed how to vote on each agenda item.

The Board determines the agenda for the General Meeting. However, the most important items on the agenda are dictated by the Public Companies Act and the Company's Articles of Association. Meeting minutes are published on the Company's website the day after the General Meetings, at latest.

#### **7. Nomination Committee**

The Nomination Committee submits recommendations for candidates to be elected, along with a justification, to the General Meeting, as well as nominates the Chair of the Board. Furthermore, the Committee will submit substantiated proposals for the remuneration of Directors and recommend

Committee members. Establishment of the Committee is stipulated by the Articles of Association, and its work is regulated by instructions adopted by the General Meeting.

Nomination Committee members serve independently of the Board, and the Company's executive management. Members of the Committee receive a fixed remuneration which is not dependent on results. The General Meeting decides on all recommendations made by the Committee.

The members of the Nomination Committee are Hans Kristian Rød (Head), and Merete Haugli.

## **8. Board of Directors: composition and independence**

Following the recommendation from the Nomination Committee approved at the AGM, the Board consists of two men and one woman who serve as shareholder-elected Directors. All have broad experience. Two of these Directors are elected independently by the Company's shareholders. The Directors provide industry-specific professional expertise and experience from national and international companies. More information on each Director is available at [www.northenergy.no](http://www.northenergy.no).

Shareholder-elected Directors are elected for two-year terms. Elections are conducted in such a way that new directors can join the board every year.

Apart from Chairman Anders Onarheim, North Energy regards its Directors as independent of the Company's executive management and significant business partners. At present, all three Directors own shares directly or indirectly in North Energy. No director holds options to buy further shares.

There has been no change in the management of the company during 2023. Mr. Rachid Bendriss and Mr. Didrik Leikvang has fulfilled the roles as co-CEO of the company while Mr. Rune Damm holds the role as CFO.

## **9. The work of the Board of Directors**

The Board's work is regulated by instructions. Its duties consist primarily of managing North Energy, which includes determining the Company's strategy and overall goals, approving its action program, and ensuring an acceptable organization of the business in line with the Company's Articles of Association. The Board can also determine guidelines for the business and issue orders in specific cases. The Board must look after North Energy's interests, and not act as individual shareholders.

A clear division of responsibility has been established between the Board and the executive management. The Chief Executive is responsible for operational management of the Company and reports regularly to the Board. The administration is responsible for preparing matters for board meetings. Ensuring that the work of the Board is conducted in an efficient and correct manner in accordance with relevant legislation is the responsibility of the Chair. The Board ensures that the auditor fulfils a satisfactory and independent control function. It presents the auditor's report to the General Meeting, which also approves the remuneration of the auditor. It was resolved in 2014 that the Audit Committee's duties would be discharged directly by the Board. Likewise, the duties of the Compensation Committee, established by the Board in 2014, is now handled directly by the Board following a resolution in a Board meeting in 2017. The objective of the Compensation Committee is to ensure that compensation arrangements support the Company's strategy and enable it to recruit, motivate and retain managers of a high standard, while complying with requirements set by governing bodies, fulfilling shareholder expectations and being in line with the expectations of the rest of the workforce. The Board conducts an annual evaluation of its work, competence, and performance.

Five board meetings were held in 2023. The meetings were conducted as a combination of physical attendance and attendance by video/audio conferences. The attendance at the meetings from the Board members were 100%.

## **10. Risk management and internal control**

Strict standards are set for the Company's internal control and management system. Work on further development and improvement of North Energy's management system and associated documentation is a priority job in the Company's corporate governance and risk management. Emphasis have been put on developing risk systems and internal control procedures adapted to the Company's strategy as an investment company. The Company's management system is a good tool for the executive management and the workforce and reduces the risk of errors and misunderstandings. The system facilitates collaboration and learning and ensures continuity in the execution of the company's processes.

The executive management regularly follow up conditions which could pose a financial risk to the Company, and reports these to the Board. Reporting to the Board by the Company gives emphasis both to the on-going risk in daily operations and to risk associated with the investment opportunities presented. In addition, the Board carry out an overall risk assessment at least twice a year which takes account of all the Company's activities and the exposure these involve. The Board does also at regular intervals have the auditor's assessments of financial risk presented.

## **11. Remuneration of the Board of Directors**

The Nomination Committee recommends the Directors' fees to the General Meeting, and takes account of their responsibility, qualifications, time spent and the complexity of the business. Directors' fees are not profit-related. North Energy has not issued any options to its shareholder-elected Directors.

None of the shareholder-elected Directors have undertaken special assignments for North Energy other than those presented in this report, and none have received compensation from the Company other than normal Directors' fees.

## **12. Salary and other remuneration of executive personnel**

On 9 May 2022 the AGM adopted the proposal from the Board of Directors for new guidelines for remuneration to senior executive in North Energy ASA. The guidelines are compliant with the requirements as set out in the Public Limited Liability Companies Act § 6-16 a, and the Regulations on guidelines and report on remuneration for senior executives.

The Board determines the remuneration of the senior executives, and the remuneration is determined on the basis of an overall assessment where the main emphasis in the variable part of the remuneration is based on achieved results and implementation of the strategy plan based on the company's values and ethical guidelines, The Board is also considering the responsibility involved, qualifications, the complexity of the work and the results achieved.

The Board issues a yearly remuneration report according to the requirements as set out in the Public Limited Liability Companies Act § 6-16 b, and the Regulations on guidelines and report on remuneration for senior executives § 6. The report should be approved at the Annual General Meeting.

## **13. Information and communications**

North Energy keeps its shareholders and investors regularly informed about its commercial and financial status. The Board is conscientious that all stakeholders shall receive the same information at the same time, and all financial and commercial information is made available on the Company's website simultaneously. Stock exchange announcements are distributed through [www.newsweb.no](http://www.newsweb.no) and made available on the Company's website.

The annual financial statements for North Energy are made available on its website at least three weeks before the General Meeting. Interim reports are published within two months after the end of each quarter. North Energy publishes an annual financial calendar which is available on the Oslo Stock Exchange website and on [www.northenergy.no](http://www.northenergy.no). The Board emphasizes openness and equal treatment

in relation to all relevant parties in the market and strives always to provide as correct a picture as possible of the Company's financial position.

#### **14. Takeovers**

North Energy's Articles of Association contain no restrictions on or defense mechanisms against the acquisition of the Company's shares. In accordance with its general responsibility for the management of North Energy, the Board will act in the best interests of all the Company's shareholders in such an event. Unless special grounds exist, the Board will not seek to prevent takeover offers for the Company's business or shares. Should an offer be made for the shares of North Energy, the Board will issue a statement with its recommendation as to whether shareholders should accept it.

#### **15. Auditor**

The annual financial statements are audited by PricewaterhouseCoopers AS. The Board receives and considers the auditor's report after the financial statements for the relevant year have been audited. The auditor submits an annual plan for the conduct of audit work and attends board meetings when the consideration of accounting matters requires their presence. In at least one of these meetings, the auditor makes a presentation to the Board without the executive management being present. The auditor presents a declaration of independence and objectivity. Relations with the auditor are regularly reviewed by the Board to ensure that the auditor exercises an independent and satisfactory control function. The Board presents the auditor's fee to the General Meeting for approval by the shareholders.

Oslo, 19 March 2024

Anders Onarheim  
Chair

Elin Karfjell  
Director

Jogeir Romestrand  
Director

Rachid Bendriss  
co-CEO

Didrik Leikvang  
co-CEO