

Policy

The corporate governance



Approved by the Board of Directors of Vår Energi ASA on 25.07.2022



vår energi

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1 INTRODUCTION TO THE CORPORATE GOVERNANCE POLICY

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The Board of Directors of Vår Energi ASA (the **Company**) has approved this corporate governance policy document (the **CG Policy**). The GC Policy is giving an overview and is a supplement to the other Policies and Management System Guidelines (MSGs) already implemented by the Company, and / or which have been implemented or amended in connection with the listing of the Company's shares on the Oslo Stock Exchange.

The CG Policy addresses the framework of guidelines and principles regulating the interaction between the Company's shareholders, the Board of Directors (the **Board**), the Chief Executive Officer (the **CEO**) and the Company's executive management team.

The CG Policy is based on the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board. The Company will, in accordance with applicable legislation and stock exchange listing rules, provide a report on the Company's corporate governance in the directors' report or in a document that is referred to in the directors' report in connection with its annual financial statements and report.



2 BUSINESS ACTIVITY, VISION AND VALUES

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Vår Energi ASA is a leading independent upstream oil and gas company on the Norwegian continental shelf (NCS), headquartered outside Stavanger, Norway, and with branch offices in Hammerfest and Oslo.

We are committed to deliver a better future through responsible growth based on over 50 years of NCS operations, a robust and diversified asset portfolio with ongoing development projects, and a strong exploration track record. Our ambition is to be the safest operator on the NCS, the partner of choice, an ESG leader and a net-zero producer (Scope 1 and 2) by 2030.

Our VI VIL values are closely linked to who we are. They aim to support our common direction and reflect the desired behavior in our company. The VI VIL values are at the essence of our identity and beliefs. Our values represent our compass - providing both internal and external direction for our company: Our values should be an integrated part of every decision-making process.

Our values are:

- Vekst (Growth)
- Integritet (Integrity)
- Vinnervilje (Will to win)
- Inspirerende (Inspiring)
- Lagspiller (Team player)



3 ETHICAL GUIDELINES

The Company will maintain high ethical standards in its business concept and relations with partners, customers, suppliers and employees. Reference is made to the Code of Ethics approved by the Board. A brief summary of the ethical guidelines are as follows:

1. **Integrity:** We carry out our daily activities with responsibility, equity, fairness and good faith, respecting internal and external regulations.
2. **Respect and protection of Human Rights:** We operate with respect for human dignity and Human Rights and we require the same commitment from all our partners. We ensure an inclusive work environment that values uniqueness and diversity as fundamental resources for the development of humanity.
3. **Transparency:** We are attentive to the needs and expectations of our stakeholders. We are committed to be engage in continuous dialogue with our counterparts, providing them clear, complete and truthful information, being aware that sharing objectives and results is essential to maximize value and reduce business risks.
4. **Promotion of development:** We work to support an efficient and sustainable access to energy resources that protects the needs of future generations and respects Human Rights, the environment and society as a whole. We favor an inclusive development that can generate shared and lasting value in all territories in which we operate by working alongside the communities.
5. **Operational excellence:** We guarantee the efficiency and integration of our activities, minimizing risks and creating opportunities along the entire value cycle.
6. **Innovation:** We believe that innovation is at the basis of personal and business growth. We are committed to acquiring cutting-edge technological skills in order to develop innovative ideas and improve our daily activities, contributing to the progress of civil society by increasing safety and reducing environmental impact.

The above list represents a brief summary of Vår Energi ASA's ethical guidelines. The complete guidelines are compiled in the Code of Ethics, in which all employees are trained regularly. Any breach of ethical guidelines may inflict severe consequences for the Company and any breach may imply consequences for the person in question.



4 COMPANY CAPITAL AND DIVIDENDS

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The Board is committed to maintain a satisfactory equity ratio in the Company according to the Company's goals, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board will continuously assess the Company's capital requirements related to the Company's strategy and risk profile.

The Company is committed to create long-term value for its shareholders. The Company targets to distribute dividends of around 20-30% of after tax operating cash flow. Dividends will be paid out annually, shortly after the annual general meeting has been held. The dividend will be contingent on the Company's financial position and the business outlook, to ensure that the Company can prudently manage future obligations, business cycles and opportunities for strategic development.

General authorisations for the Board to increase the share capital and to buy own shares will not ordinarily be proposed for periods longer than until the next Annual General Meeting of the Company.



5 SHARE CLASSES

There are two classes of shares in the Company, where one class has certain appointment rights in relation to the Board, save for this all shares carry equal rights. The Company emphasise equal treatment of its shareholders.



6 TRANSACTIONS WITH RELATED PARTIES

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Any transactions, agreements or arrangements between the Group and the Company's shareholders, members of the Board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall, where relevant, comply with the procedures set out in the Norwegian Public Limited Liability Companies Act and the recommendations in the Norwegian Code of Practice for Corporate Governance. The Company's financial statements shall provide further information about transactions with related parties in accordance with applicable accounting principles.

Board members shall immediately notify the Board and members of the executive management team shall immediately notify the CEO (who, where relevant, will notify the Board) if they have any material direct or indirect interest in any transaction entered into by the Group.



7 TRANSFER OF SHARES

The shares of the Company are freely transferable.



8 THE GENERAL MEETING

All shareholders have the right to participate in the general meetings of the Company, which exercise the highest authority of the Company. The annual general meeting shall normally be held before 31 May each year.

The full notice for general meetings shall be sent to shareholders no later than 21 calendar days prior to the meeting. The notices for such meetings shall include documents providing the shareholders with sufficient details in order for the shareholders to make an assessment of all the cases to be considered as well as all relevant information regarding procedures of attendance and voting. The notice and the documents may be sent to or made available for the shareholders by electronic communication, to the extent allowed in the Company's articles of association. Representatives from the Board and the Company's auditor will normally be present at general meetings.

Notices for general meetings shall provide information on the procedures shareholders shall observe in order to participate in and vote at the general meeting. The notices will also set out: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting.

The cut-off for confirmation of attendance shall be set as short as practically possible and the Board will arrange matters so that shareholders who are unable to attend in person, will be able to vote by proxy. A form of proxy will be distributed with the notice.



9 THE BOARD – COMPOSITION

In appointing members to the Board, other than those to be appointed by the holder of B shares, it is emphasised that the Board shall have the necessary competence to independently evaluate the subject presented by the executive management team. It is also considered important that the Board can function well as a team. Board members shall be elected for periods not exceeding two years at a time, with the possibility of re-election. Board members are encouraged to own shares in the Company.

The Board shall comply with all applicable requirements as set out in the Norwegian Public Limited Liability Companies Act and the listing rules of Oslo Børs. Acknowledging that the Board is ultimately appointed by and at the shareholders' discretion, the composition of the Board should also seek to comply with the recommendations set out in the Norwegian Code of Practice for Corporate Governance.

The Company does not have a corporate assembly.



10 ELECTION COMMITTEE

The Company shall have an election committee as set out in the articles of association. The members of the election committee should be elected to take into account the interests of shareholders in general, and the majority of the election committee should be independent of the Board and the executive management team. Members of the Board and the executive management team should not be members of the election committee. Instructions for the election committee has been issued and approved by the Company's general meeting.



11 SUB-COMMITTEES OF THE BOARD

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The Company have established an audit committee in accordance with the rules of the Norwegian Public Limited Liability Companies Act and the listing rules of Oslo Børs. Instructions to the Audit Committee have been put in place by the Board.

The Board has established a remuneration committee. The remuneration committee shall review and recommend to the Board the remuneration policies/framework for the Company's Executive/Senior Management, and provide general advice related to compensation.

The Board has also established a safety & sustainability committee to assist the Board in reviewing the performance of the Company within safety and sustainability.



12 RESPONSIBILITY OF THE BOARD OF DIRECTORS

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The Board shall prepare an annual plan for its work with special emphasis on goals and strategy. The Board's primary responsibilities shall be (i) participating in the development and approval of the Company's strategy, (ii) performing necessary control functions and (iii) acting as an advisory body for the executive management team. Its duties are not static, and the focus will depend on the Company's ongoing needs. The Board is also responsible for ensuring that the operation of the Company is compliant with the Company's values and ethical guidelines. The chair of the Board is responsible for ensuring that the Board's work is performed in an effective and correct manner.

The Board shall ensure that the Company has a proper management with internal distribution of responsibilities and duties. A division of work has been established between the Board and the executive management team. The CEO is responsible for the executive management of the Company.

All members of the Board shall regularly receive information about the Company's operational and financial development. The Company's strategies shall regularly be subject to review and evaluation by the Board.

The Board shall prepare an annual evaluation of its work.

Reference is further made to the Rules of Procedures for the Board of Directors of Vår Energi ASA.



13 RISK MANAGEMENT AND INTERNAL CONTROL

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The Board shall ensure that the Company has sound internal control and risk management routines that are appropriate in relation to the extent and nature of the Company's activities. Risk management and internal control routines shall also encompass the Company's corporate values and ethical guidelines. Reference is further made to the Policy on HSSEQ as approved by the Board on 16 September 2020.

The objective of the risk management and the internal control system is to manage exposure to risks in order to ensure successful conduct of the Company's business, to support the quality of its financial reporting and ensure compliance with laws and regulations.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The Board shall provide an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.



14 BOARD REMUNERATION

The general meeting shall determine the Board's remuneration annually, normally in advance. Remuneration of Board members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the enterprise. The Board shall be informed if individual Board members perform tasks for the Company other than exercising their role as Board members. Work in sub-committees may be compensated in addition to the remuneration received for Board membership.

The Company's financial statements shall provide information regarding the Board's remuneration.



15 REMUNERATION TO THE MANAGEMENT

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The Board decides the salary and other compensation to the CEO. The CEO's salary and bonus shall be determined on the basis of an evaluation by the Board, with emphasis on the CEO's and the Company's overall performance. Any fringe benefits shall be in line with market practice and should not be substantial in relation to the CEO's basic salary. The Board shall annually carry out an assessment of the salary and other remuneration to the CEO.

The CEO determines the remuneration of executive employees within the guidelines and instructions provided by the Board. The Board shall, based on proposal from the remuneration committee, issue guidelines for the remuneration of the executive management team. The guidelines shall lay down the main principles for the Company's management remuneration policy. The salary level should not be of a size that could harm the Company's reputation or above the norm in comparable companies. The salary level should, however, ensure that the Company is able to attract and retain executive employees with the desired expertise and experience.

The Company's financial statements shall provide further information about salary and other compensation to the CEO and the executive management team. The Company will also prepare annual guidelines on remuneration of senior executives in accordance with the Norwegian Public Limited Companies Act.



16 INFORMATION AND COMMUNICATION

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The Board and the executive management team assign considerable importance to giving the shareholders relevant and current information about the Company and its activity areas. Emphasis is placed on ensuring that the shareholders receive the same and simultaneous information. Reference is made to the Investor Relations Policy approved by the Board on 15 February 2022.

Sensitive information will be handled internally in a manner that minimizes the risk of leaks.

The Company shall have routines for who is allowed to speak on behalf of the Company on different subjects and who shall be responsible for submitting information to the market and investor community. The CEO, CFO and Head of Investor Relations will be the main contact persons of the Company in such respects.

The Board should ensure that the shareholders are given the opportunity to make known their points of view at and outside the general meeting.



17 AUDITOR

Each year, the auditor shall present to the Board a plan for the implementation of the audit work and a written confirmation that the auditor satisfies established requirements as to independence and objectivity.

The auditor shall be invited to be present at Board meetings where the annual accounts are dealt with. Whenever necessary, the Board and/or audit committee shall meet with the auditor to review the auditor's view on the Company's accounting principles, risk areas, internal control routines, etc.

The auditor should only be used as a financial advisor to the Company where such use does not affect or reasonably question the auditor's independence and objectiveness as auditor for the Company. Only the Company's CEO and/or CFO shall have the authority to enter into agreements in respect of such counselling assignments.

At the annual general meeting and/or in the annual financial statements, the Board shall present a review of the auditor's compensation as paid for auditory work required by law and remuneration associated with other concrete assignments.

In connection with the auditor's presentation to the Board of the annual work plan, the Board should specifically consider if the auditor to a satisfactory degree also carries out a control function.

The Board shall invite the auditor to attend all general meetings.



18 FINANCIAL POLICY

The Company shall prepare a statement of its financial policy, providing details of the Company's handling of financial risks, hedging, funding policies, etc.



19 TAKE-OVER SITUATIONS

In a take-over process, should it occur, the Board and the executive management team each have an individual responsibility to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The Board has a particular responsibility in ensuring, to the extent possible, that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board shall ensure that:

- a) the Board will not seek to hinder or obstruct any takeover bid for the Company's operations or shares unless there are particular reasons for doing so;
- b) the Board will not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
- c) the Board will not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- d) the Board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Norwegian Code of Practice for Corporate Governance unless there are particular reasons not to. This includes obtaining a valuation from an independent expert. On this basis, the Board will seek to make a recommendation as to whether or not the shareholders should accept the bid.

