

Corporate Governance

Purpose

The purpose is to address the Company's adherence to recommendations laid down in the Norwegian Code of Practice for Corporate Governance (the Code) issued by the Norwegian Corporate Governance Board (NUES).

Ethical guidelines

The Company aims to maintain high ethical standards in its business conduct and relations with partners, customers, suppliers, and employees. The Board has approved a Code of Ethics for the Company in which all employees receive regular training.

Adherence to the Norwegian Code of Practice for Corporate Governance

The Code is based on a comply or explain principle. In accordance with the Code, applicable legislation and stock exchange listing rules, the Company provides a report on the Company's corporate governance and adherence to the Code in connection with its annual report and financial statements. A summary of certain principles is set out below:

Capital and dividends. The Board is committed to maintain a satisfactory equity ratio in the Company according to the Company's goals, strategy and risk profile, and to create long-term value for its shareholders. Dividends will be contingent on the Company's financial position and the business outlook. General authorisations for the Board to increase the share capital and to acquire own shares will ordinarily be proposed for the period up to the next annual general meeting.

Share classes. There are two classes of shares in the Company. The ordinary shares are freely tradeable, while the class B shares have certain appointment rights in relation to the Board and are non-transferable.

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. Full notices for general meetings shall be sent to shareholders no later than 21 calendar days prior to a meeting. The Company does not have a corporate assembly.

Election committee. The Company has an election committee as set out in the articles of association. Instructions for the election committee has been issued and approved by the Company's general meeting.

Board. The Company's Board is elected by the shareholders at the general meeting. Board members may be elected for periods not exceeding two years, with the possibility of re-election. The Board has established a set of board instructions (rules of procedure) which apply for their work. The Board has also established certain sub-committees, including an Audit Committee, a Remuneration & Leadership Development Committee and a Safety & Sustainability committee.

Risk management and internal control. It is the responsibility of the Board to ensure sound internal control and risk management routines appropriate in relation to the extent and nature of our activities. The Board annually reviews risk exposures and provides 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.



Nick Walker,
CEO, Vår Energi