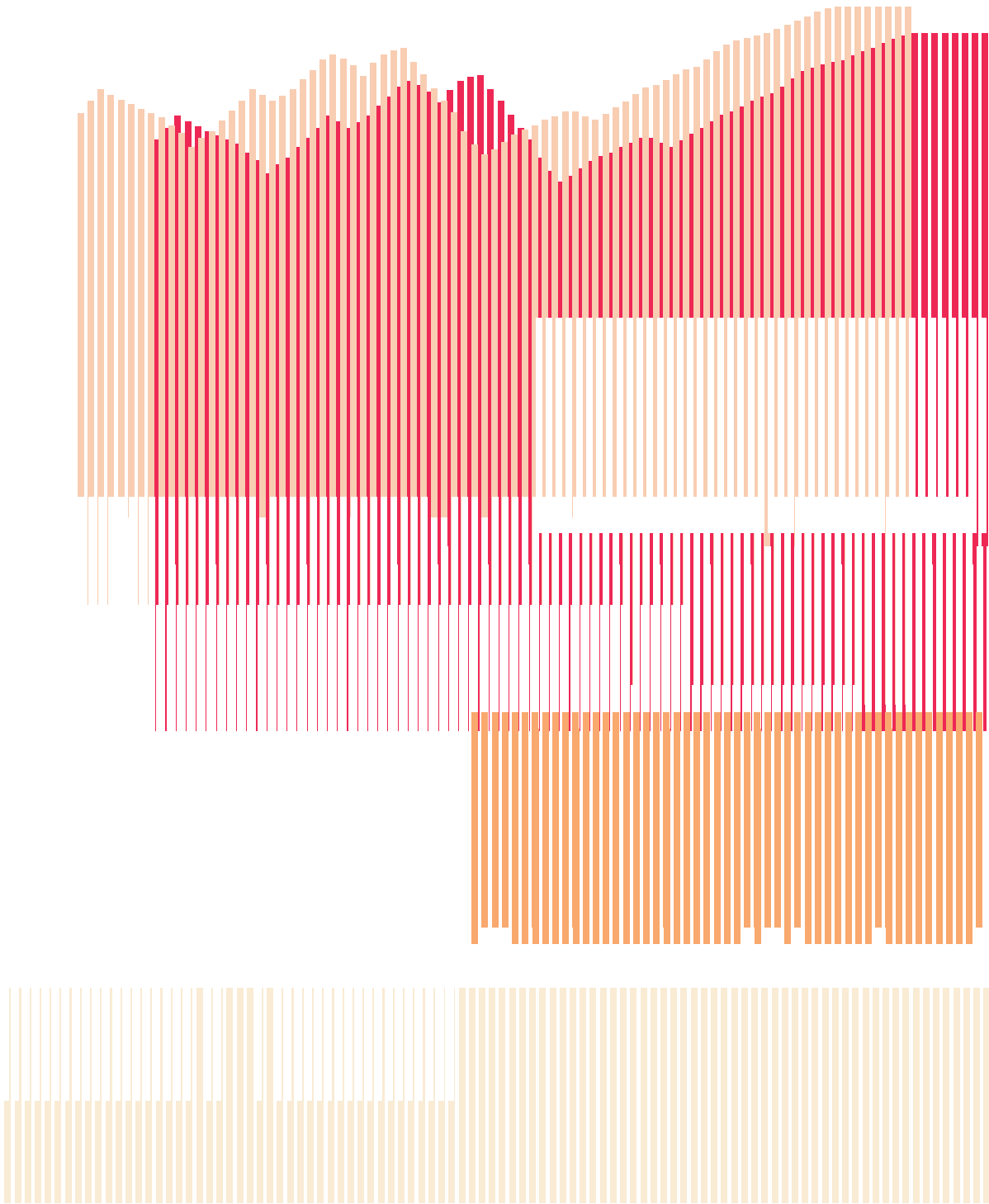


CORPORATE GOVERNANCE

Excerpt from annual report



bouvet

2023

WE LEAD THE WAY AND BUILD
TOMORROW'S SOCIETY

Corporate governance

Bouvet ASA (Bouvet) gives high priority to practising good corporate governance in order to strengthen confidence in the group and thereby secure the best possible long-term value creation with the lowest possible risk for the benefit of shareholders, employees and other stakeholders. The purpose of good corporate governance is to regulate the division of roles between shareholders, the board and executive management more comprehensively than required by legislation.

Bouvet is subject to formal corporate governance reporting requirements. Pursuant to section 3, sub-section 3b, of the Norwegian Accounting Act, the group is obliged to report on its principles for and practice of corporate governance. In addition, the Oslo Stock Exchange requires the preparation of an annual report on the group's principles in accordance with the Norwegian Code of Practice for Corporate Governance (the code) issued by the Norwegian Corporate Governance Board.

This report relates to the financial year 2023 and reflects the reporting structure specified in applicable legislation, as well as key points in the code.

Corporate governance report pursuant to the Accounting Act and its specified reporting structure

1. The group complies with the Norwegian Code of Practice for Corporate Governance.
2. The code can be found on www.nues.no
3. The board has approved the below corporate governance report, and possible deviations from the code are commented on under each point.
4. Chapter 10 of the report describes the main components of Bouvet's risk management and internal control systems related to the financial reporting process.
5. There are no provisions in Bouvet's articles of association which extend or deviate from the provisions of chapter 5 of the Norwegian Public Limited Liability Companies Act.
6. The composition of the board, the control committee and the executive committees of the board are presented in chapter 8. The main elements of their instructions and guidelines are described in chapters 8 and 9.
7. Provisions in the articles of association which regulate the term of office of directors are described in chapter 8 of the report.
8. Provisions in the articles of association and authorisations of the board to issue or buy back shares or equity certificates are described in chapter 3.

1. Implementation of and reporting on corporate governance at Bouvet

Compliance

Bouvet's board of directors complies with the Norwegian Code of Practice for Corporate Governance published on 14 October 2021. The board is responsible for ensuring that the group practises good corporate governance. Bouvet provides an overall explanation of its corporate governance principles and compliance with these in its annual report, and this information is also made available on the group's website, www.bouvet.no.

The board and executive management review the corporate governance report annually. The report for 2023 was adopted on 23 April 2024.

Confidence in the group's management and business is crucial for Bouvet's present and future competitiveness. The group practises transparent management, and thereby builds trust both in-house and externally.

Relations between shareholders and the group must be characterised by respect for the shareholders, reliable and timely provision of information, and equal treatment of shareholders.

Fundamental values, ethics and corporate social responsibility (CSR)

Bouvet has adopted the guiding principle that it will conduct itself in a trustworthy manner towards its employees, clients, authorities and other stakeholders. Guidelines on Bouvet's CSR work are available on the group's website and are discussed both in the annual report and in a separate report on corporate social responsibility, ESG and sustainability.

2. The business

Bouvet delivers design, communication, information technology and advisory services. The group is a strategic partner for a number of enterprises, particularly with respect to digitalisation. This includes developing strategies and the analysis, design, development and administration of digital

solutions. Together with clients, Bouvet's employees work to generate value in financial, social and environmental terms. The group's workforce strives to realise Bouvet's vision of leading the way and building the society of tomorrow, meaning that individual employees are involved in creating value for society, clients and shareholders in a sustainable way.

Bouvet has a regional model where closeness to the clients is the key element. Long-term client relationships are forged through local expertise and entrenchment, while expertise and experience are shared across the group.

A detailed presentation of Bouvet's business is available on its website, [bouvet.no](https://www.bouvet.no).

3. Equity and dividends

Equity

Bouvet has boosted its revenues and see further opportunities for profitable expansion. To benefit from these opportunities, the group will maintain a robust equity position and strong liquidity.

Consolidated equity totalled NOK 458.4 million as at 31 December 2023, corresponding to an equity ratio of 26.7%. The board regards the group's capital structure as satisfactory.

Dividend policy

The Bouvet share must be a profitable investment for shareholders in terms of value appreciation and dividend payments. The group's dividend policy is to distribute a significant proportion of the previous year's net profit to shareholders. When considering dividend proposals, executive management and the board take the following factors into account:

- Bouvet must maintain adequate reserve liquidity in the form of bank deposits or credit facilities.
- Bouvet must maintain robust capital adequacy and balanced financing.

Major investments are normally funded through new financing in the form of debt, equity or a combination of these. However, the dividend payout ratio can be reduced if substantial investments are planned.

Authorisations to increase share capital

In the board's view, authorisations from the general meeting to increase the company's share capital should be limited to defined purposes and should only remain in effect for one year. The general meeting should therefore consider board authorisations to increase share capital separately by reference to each specific purpose, rather than issuing an umbrella authorisation.

Bouvet held its annual general meeting on 23 May 2023. The general meeting authorised the board to increase the company's share capital by up to NOK 1 million for the purpose

of financing the acquisition of other companies and businesses. The board is also authorised to increase the company's share capital by a maximum of NOK 200,000 to facilitate implementation of the employee share programme.

Both authorisations remain in effect until 30 June 2024.

Existing shareholders generally have pre-emption rights in the event of significant share issues. If this general rule is waived, the reason for doing so will be stated in the stock exchange announcement issued in connection with the capital increase.

Authorisations to purchase treasury shares

The board considers that authorisations to purchase treasury shares should only remain in effect until the next annual general meeting.

As at 31 December 2023, the board held an authorisation to acquire up to NOK 1,000,000 in treasury shares on behalf of the company (each share having a nominal value of NOK 0.10 and subject to the restriction that the company's total post-acquisition holding of treasury shares shall not exceed 10% of the company's share capital), for the following purposes: i) full or partial settlement of any business acquisition, ii) preparation for a business acquisition, and iii) implementation of the group's employee share programme. Such share acquisitions must be effected through a stock exchange or by other means at prevailing stock exchange prices, and in such a way that the principle of equal treatment of shareholders is observed. The authorisation remains in effect until 30 June 2024.

4. Equal treatment of shareholders and transactions involving related parties

Equal treatment

Bouvet has a single share class, and each share carries one vote. Shareholders are treated equally unless qualified grounds exist for an alternative approach. Efforts are made to implement transactions involving the Bouvet share through a stock exchange or otherwise at prevailing stock exchange prices.

Transactions involving related parties

Bouvet's procedures specify that, in general, no transactions should be effected between the group and its shareholders, directors or senior executives, or their related parties. If any such parties have an interest in a transaction involving the group, the board must be informed and, if necessary, consider the matter. Unless the transaction is insignificant, the board will commission third-party assessments of the transaction and otherwise assure itself that there will be no unfair treatment of shareholders, elected officers, employees or others.

5. Freely negotiable shares

Bouvet's shares are freely negotiable, and the group's articles of association impose no restrictions on transferability.

6. General meeting

The general meeting is the group's highest authority.

Bouvet facilitates the participation of as many shareholders as possible in general meetings and ensures that general meetings function as an effective meeting place for shareholders and the board, so that shareholders can exercise their rights.

Meeting notices

Meeting notices and supporting documents are issued in good time before a general meeting is to take place, and are published on the group's website no later than 21 days beforehand. All shareholders with a known address registered in the Norwegian Central Securities Depository (VPS) are sent relevant documents by post no later than 21 days before a general meeting. Article 6 of the company's articles of association states that it is sufficient for relevant documents to be made available on the group website. However, a shareholder may ask to be sent supporting documents relating to matters to be considered at a general meeting. Supporting documents must include all necessary documentation to enable shareholders to decide on all matters to be discussed. The deadline for registering attendance is five working days before a general meeting.

Implementation

General meetings are held in person, although provision is made for shareholders to participate electronically.

Shareholders who are unable to attend in person may vote by proxy. The group provides information on the procedure for appointing a proxy, or alternatively appoints a person to act as proxy for the shareholder. A proxy form is prepared which allows shareholders to specify how their proxy should vote on each agenda item and on individual candidates for election.

Participation

The chair of the board and the chair of the nomination committee attend the annual general meeting, together with representatives of executive management. Other directors have a right to attend. In addition, at least one director attends all extraordinary general meetings. The auditor attends when one or more agenda items are of such a type that the auditor's attendance must be deemed necessary.

Provision is made for dialogue with shareholders at general meetings.

Independent chair

The board decides the agenda for general meetings. The main items on the agenda are included to comply with the requirements of the Public Limited Liability Companies Act and Article 6 of the group's articles of association. As recommended by the code, each general meeting appoints a person to act as its independent chair.

Minutes of general meetings are published on the Bouvet and Oslo Stock Exchange websites.

7. Nomination committee

Article 7 of the group's articles of association specifies that Bouvet shall have a nomination committee. Instructions for the committee's work have been drawn up and been adopted by the general meeting.

Pursuant to the articles of association, the committee must comprise three members elected for a two-year term.

The committee is mandated to recommend candidates for election to the board and to make a recommendation on directors' fees. These recommendations must be reasoned and must include relevant information on the candidates and their independence.

An overview of the nomination committee's members is available on the group's website.

8. Board of directors: composition and independence

Composition of the board

Article 5 of the articles of association specifies that the board must consist of five to eight directors. As at 31 December 2023, the group's board of directors consisted of five shareholder-elected directors: two women and three men. The CEO is not a director.

The shareholder-elected directors have long and varied experience from the construction, energy, banking/finance, information technology and public administration sectors, in addition to expertise in the fields of organisation, marketing, management and finance. An overview of the directors can be found on the group's website.

Board independence

The composition of the board of directors ensures that it can operate independently of special interests. All shareholder-elected directors are regarded as independent of executive management, material business contacts and the group's principal shareholders.

An overview of the board's collective shareholding in Bouvet is provided in note 7 to the consolidated financial statements. Details of each director's individual shareholding are provided in the remuneration report available on [Bouvet.no](https://www.bouvet.no).

Deviation from the code: By law, directors may be elected for up to four years, but the code recommends that their term of office be limited to two years. Bouvet's articles of association do not regulate the process of electing and replacing directors.

9. The work of the board of directors

Duties of the board

The board has overall responsibility for planning and executing the group's strategy and activities, including its organisation,

remuneration policy and risk management. The board also has overall responsibility for control and supervision. The duties and responsibilities of the board are dictated by applicable legislation, the parent company's articles of association, and mandates and instructions adopted by the general meeting.

These duties and responsibilities can be divided into two principal categories:

- Management of the group pursuant to section 6, sub-section 12, of the Public Limited Liability Companies Act.
- Supervision pursuant to section 6, sub-section 13, of the Public Limited Liability Companies Act.

The board has adopted an annual plan for its work. This focuses on the board's duties to develop the group's strategy and monitor its implementation. In addition, the board exercises supervision to ensure that the group meets its business goals and manages risk in a wise and satisfactory manner.

The board discusses all matters relating to the group's activities which are of material importance or of a special character. A total of nine board meetings were held in 2023.

Board instructions

Pursuant to the Public Limited Liability Companies Act, the division of the board's roles and duties is enshrined in a formal mandate which includes specific rules and guidelines for the board's work and decisions.

The chair is responsible for ensuring that the work of the board is conducted in an efficient and proper manner and in compliance with applicable legislation.

When the chair is disqualified or unable to attend, the board appoints an independent chair to lead the discussion of relevant issues.

Agreements with related parties

Pursuant to the Public Limited Liability Companies Act, the board is required to consider all agreements between the group and related parties. The purposes of detailed consideration of such agreements are to ensure that the group is aware of possible conflicts of interest and to prevent transfers of value from the group to related parties.

Conflicts of interest and disqualification

The board must ensure that the group is aware of significant interests at all times, so that issues and questions can be dealt with in an impartial and reassuring manner.

Directors and the CEO may not participate in the consideration of matters in which they have a material special interest. See further the rules on disqualification in the Public Limited Liability Companies Act.

Instructions for the CEO

The board is responsible for appointing the CEO. The board also adopts instructions, authorisations and terms applicable to the CEO.

Financial reporting

Periodic reports commenting on the group's financial status are submitted to the board. As regards interim reports, the group observes the deadlines set by the Oslo Stock Exchange.

Board chair

The chair is responsible for ensuring the effective and efficient organisation of board work, and that the board fulfils its duties. The CEO prepares matters for consideration by the board in consultation with the chair.

The chair has duties in connection with the holding of general meetings.

To ensure independent consideration, a different director chairs board discussions on material matters in which the chair is or has been actively involved. This applies even if the chair is not disqualified pursuant to section 6, sub-section 27, of the Public Limited Liability Companies Act.

Board sub-committees

The board has established two sub-committees, respectively dealing with audits and remuneration. The board has adopted instructions on the work of these bodies.

Audit committee

The audit committee is elected by and from among the directors for a period of two years or until a director ceases to sit on the board. The committee has three members with the expertise required to exercise their duties. At least one member must be independent of the company and have accounting or auditing qualifications.

A list of committee members is available on the group website. The committee's primary function is to conduct an independent check of the group's financial reporting, auditing, internal control and overall risk management.

Pursuant to section 6, sub-section 43, of the Public Limited Liability Companies Act on the duties of the audit committee, the committee will:

- a. brief the board on the results of statutory audits and explain how such audits promote the integrity of financial reporting, and report on the committee's involvement in the audit process
- b. prepare the board's monitoring of the financial reporting process and make recommendations to safeguard its integrity
- c. monitor internal control, risk management and internal audit systems without undermining the audit committee's independent role
- d. maintain ongoing contact with the group's elected auditor regarding auditing of the annual report, including in particular monitoring of the conduct of the audit by reference to any supervisory letters received from the Financial Supervisory Authority of Norway and other considerations
- e. assess and monitor the auditor's independence, including approving, assessing and monitoring the use and scope of non-audit services

- f. prepare and recommend the group's choice of auditor, and the auditor's fee or other terms of assignment
- g. review its mandate and mode of working on an annual basis and recommend possible changes to the board.

The committee decides itself who should attend meetings. Apart from the committee members, the CFO, chief accounting officer and a representative of the external auditor normally attend.

The committee holds separate meetings with a representative of the external auditor and with the CEO, respectively, at least once a year.

Remuneration committee

Bouvet has established a remuneration committee comprising three directors, which is independent of executive management. Members of the committee are appointed by the board for a period of two years or until they cease to be directors. A list of the committee's members is available on the group website.

This sub-committee is charged with evaluating the content and principles of the group's pay and bonus system, and with preparing discussions of these issues by the full board, in cooperation with the CEO. The remuneration committee compares Bouvet's remuneration arrangements with those of other companies and presents proposed changes to the full board.

Board self-evaluation

The board evaluates its work and expertise annually.

10. Risk management and internal control

Bouvet's board and executive management place great emphasis on establishing and maintaining risk management and internal control procedures. The board carries out an annual review of the most important risks affecting the business, paying special attention to the following topics.

Training and motivation of employees

Training and motivating employees is a key driver of Bouvet's operations. The group regards high work quality, transparency and honesty in relations between individuals and the group as very important principles. Systematic efforts are made to ensure that the group's workforce is professionally up-to-date and developing well. The group is committed to maintaining a good social environment. A further goal is that the working day should not be so long that employees do not have sufficient leisure time. Bouvet conducts annual working environment surveys as part of its internal controls.

Work procedures, regulations, instructions and authorisations

In addition to the instructions enshrined in its employment contracts, Bouvet has adopted in-house rules for employees and pays attention to training in and understanding of these.

Financial reporting

The Bouvet group has adopted internal guidelines for monthly, quarterly and annual financial reporting, including internal control procedures. The audit committee monitors the group's internal control systems, and the group's CFO attends audit committee meetings. Consolidated financial statements are presented in accordance with applicable IAS/IFRS standards.

Financial results and key figures are presented to the board on a monthly basis, together with executive management's presentation of the group's position. The group does not use budgets, but prepares a business plan for the year as a whole. Deviations from the business plan, with a particular focus on key figures, are reported to and considered by the board on a monthly basis. Forecasts for the development of profits and liquidity over the coming 12 months are prepared on a monthly basis and presented to the board.

All projects in which the group has a delivery responsibility are reviewed, and outstanding work is re-estimated, on a monthly basis in order to ensure correct accrual of projects in financial reports.

Client satisfaction

Regular surveys are conducted to secure information on client satisfaction.

Projects

Bouvet invoices most of its projects on an ongoing basis. However, the group also executes some projects in which a predefined result is to be supplied for a price which is fixed or contains elements of fixed pricing. In such cases, variances may arise between the final income per hour and the income per hour calculated at start-up or during project execution. Project-related risk is assessed continuously.

Counterparty risk

Bouvet conducts an annual review of both clients and suppliers to identify counterparty risk. New clients are also subject to a thorough assessment to identify any risk they may present.

11. Board remuneration

The general meeting decides directors' fees on the basis of proposals from the nomination committee.

Fees are fixed and independent of achieved results. An overview of total board remuneration can be found in note 7 to the annual financial statements. Details of remuneration paid to individual directors are provided in the remuneration report available on the group's website. No options are awarded to directors.

12. Executive remuneration

The board determines the CEO's terms of employment and sets guidelines for the remuneration of other senior executives. These guidelines are presented to the general meeting.

The main principle applied by Bouvet when determining the pay and other remuneration of the CEO and other senior executives is that these persons should be offered competitive terms.

In addition, Bouvet offers terms which encourage commitment to and value creation on behalf of the group and its shareholders, and which strengthen the loyalty of senior employees to the business.

Bouvet's profit-sharing model comprises two components:

- profit-sharing at regional level for unit managers, sales staff and consultants
- profit-sharing at corporate level for personnel in joint administrative and staff functions.

Performance-based remuneration may not exceed 50% of ordinary annual salary. The CEO and other senior executives are subject to three-month notice periods, calculated from the end of the calendar month in which they resign/are dismissed. A presentation of the guidelines on remuneration of senior executives is available on the group's website.

Information on overall remuneration paid to executive management is provided in note 8 to the annual accounts. Details of the remuneration paid to each senior executive can be found in the remuneration report available on bouvet.no.

13. Information and communication

Bouvet takes the view that providing objective, detailed and frequent information to the market is essential for correct valuation of the Bouvet share, and accordingly pursues continuous dialogue with analysts and investors.

Information about important events involving Bouvet, as well as its periodic performance reports, are published in accordance with the guidelines which apply to the group due to its listing on the Oslo Stock Exchange.

Bouvet always seeks to disclose all relevant information to the market in a timely, efficient and non-discriminatory manner. All stock exchange announcements are made available on the Bouvet and Oslo Stock Exchange websites.

The group provides the same information to all shareholders at the same time. When analysts or shareholders contact the company for further details, Bouvet and the board ensure that only information which has already been made public is provided.

Bouvet's website is an important instrument in its communication policy. All published information is posted on the site, which can also be used to submit proposals to the nomination committee and other communications from shareholders.

The group holds quarterly open presentations. These provide an overview of operational and financial developments in the previous quarter and an overview of market prospects and the outlook for the business. These presentations are given by the CEO. Interim reports and presentation materials are made available on the group's website.

The board adopts the group's financial calendar, which specifies the dates for the publication of interim reports and the annual general meeting. This calendar is published through the Oslo Stock Exchange information system and on the Bouvet website no later than the end of December.

14. Takeovers

In the event of a bid for the parent company's shares, the board and executive management will ensure that all shareholders are treated equally and have access to sufficient information to be able to reach a decision on the bid. Unless otherwise instructed by the general meeting, the board will not deploy defensive measures to prevent the implementation of a bid.

The board will provide shareholders with its view on the bid and, providing that they have made a decision in this regard, directors are duty-bound to inform shareholders whether they personally intend to accept the bid.

If the board finds that it cannot issue a recommendation to shareholders regarding acceptance or rejection of the bid, it will explain the reasons for this. An explanation must be provided if the board's decision is not unanimous.

The board will consider whether an assessment should be commissioned from an independent expert.

15. Auditor

Bouvet is audited by Ernst & Young AS.

The group does not use the auditor as a consultant unless this has been approved in advance by the audit committee or its chair. The external auditor submits a plan for audit work to the audit committee annually, and this plan must specify all planned non-audit services.

The auditor attends meetings of the audit committee and the board meeting which deals with the annual financial statements. During this meeting, the auditor reviews performed audits, possible changes to the company's auditing principles, the assessment of significant accounting estimates, the assessment of the company's internal controls, and all instances of disagreement between the auditor and executive management.

At least once a year, the auditor meets with the audit committee to review the company's internal control system and possible weaknesses, as well as suggested improvements. In addition, the board and auditor meet at least once a year without the CEO or other executives being present.

The auditor's fee is submitted to the audit committee, which evaluates it and makes a recommendation to the board, which in turn makes a recommendation to the general meeting. Information on the auditor's fee is provided in note 10 to the annual financial statements.

