

CORPORATE GOVERNANCE



bouvet

2022

WE LEAD THE WAY AND BUILD
TOMORROW'S SOCIETY

Bouvet ASA (Bouvet) is concerned to practise good corporate governance in order to strengthen confidence in the group and thereby contribute to the best possible long-term value creation with the lowest possible risk to the benefit of shareholders, employees and other stakeholders. Good corporate governance is intended to regulate the division of roles between shareholders, the board and the executive management more comprehensively than is required by legislation.

Bouvet is subject to formal requirements for reporting on its corporate governance. 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 an annual report on the group's principles in compliance with the applicable Norwegian code of practice for corporate governance (the code) issued by the Norwegian Corporate Governance Board (NCGB).

This report applies for fiscal 2022 and is based on the disposition specified in the legislation as well as the main points in the code.

Report on corporate governance pursuant to the Accounting Act and the disposition specified therein

1. The group complies with the Norwegian code of practice for corporate governance
2. The code can be found at www.nues.no
3. The board has presented a report on corporate governance below, and possible deviations from the code are commented upon under each point
4. Chapter 10 of the report describes the main components of Bouvet's risk management and internal control in the financial reporting process
5. Bouvet has no provisions in its articles of association which extend or deviate from the provisions in chapter 5 of the Act on Public Limited Companies
6. The composition of the board, control committee and executive committees of the board are presented in chapter 8. The main elements in 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 mandates which authorise the board to issue or buy back shares or primary capital certificates are described in chapter 3.

1. Implementation and reporting on corporate governance in Bouvet

Compliance

The board of directors of Bouvet complies with the applicable code from the NCGB, published on 14 October 2021. The board is responsible for seeing to it that corporate governance of the group is good. Bouvet provides an overall explanation of

its principles for corporate governance and compliance with these in its annual report, and this information is also made available on the group's website at www.bouvet.no.

An annual review of the report on corporate governance is conducted by the board and the executive management, and the report for 2022 was adopted on 25 April 2023.

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

Relations between owners and the group will be characterised by respect for the owners, good and timely information and equal treatment of shareholders.

Base values, ethics and corporate social responsibility (CSR)

A general principle for Bouvet is that the group will behave in a trustworthy manner towards its employees, clients, government agencies and other stakeholders. Guidelines for Bouvet's CSR are available on the group's website, in the annual report and a separate report of sustainability.

2. The business

Bouvet delivers services related to communication, information technology and consultancy. The group is a strategic partner for a number of enterprises, and assists these with digitalisation. That includes strategy for and analysis, design, development and administration of digital solutions. Together with clients, Bouvet's employees work to create value in financial, social and environmental terms. The workforce strives to realise Bouvet's vision of "we lead the way and build tomorrow's society", so that the individual employee is involved in creating value for society, clients and owners 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 bouvet.no.

3. Equity and dividends

Equity

Bouvet has experienced growth in turnover, and still has opportunities for further profitable expansion. To benefit from these opportunities, the group will maintain a solid equity and good liquidity.

Consolidated equity at 31 December 2022 was NOK 457 million, corresponding to an equity ratio of 31.6 per cent. The board regards the group's capital structure as satisfactory.

Dividend policy

The Bouvet share will be a profitable investment for its owners through the increase in its value and the payment of dividend. The group's dividend policy will be to distribute a significant proportion of the previous year's net profit to the owners. When considering proposals for a dividend, the executive management and the board will take account of the following considerations.

- Bouvet should have adequate reserve liquidity in the form of bank deposits or credit facilities.
- Bouvet will be a group with good capital adequacy and balanced financing.

Major investments will normally be 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.

Mandates to increase the share capital

In the board's view, mandates from the general meeting to increase the share capital should be limited to defined purposes and remain valid for up to a year. The general meeting should therefore consider board mandates to increase the share capital separately for each purpose, rather than awarding an umbrella mandate.

Bouvet held its annual general meeting on 19 May 2022. This awarded the board a mandate to increase the share capital of the group by up to NOK 1 million for financing the acquisition of other companies and businesses. In addition, the board has a mandate to increase the share capital by a maximum of NOK 200 000 in order to implement the share saving programme for group employees.

Both mandates run until 30 June 2023.

As a general rule, existing shareholders will have a pre-emptive right to the allocation of and subscription to significant share issues. Should the general rule be waived, the reason for doing so will be published in the stock exchange announcement issued in connection with the capital increase.

Mandate to purchase own shares

The board believes that mandates to purchase the group's own shares must remain valid for a period no longer than to the next annual general meeting.

A mandate was held by the board at 31 December 2022 to acquire up to 10 000 000 of the group's own shares to serve as full or partial settlement for the acquisition of businesses, to provide a holding of shares in hand for that purpose, and to implement the group's share saving programme for group employees. These transactions will be conducted through the stock exchange or in other ways at prevailing stock exchange prices, and such a way that the principle of equal treatment of shareholders is observed. The mandate runs until 30 June 2023.

4. Equal treatment of shareholders and transactions with close associates

Equal treatment

Bouvet has a single share class, and each share carries one vote. Shareholders will be treated equally unless qualified grounds exist for an alternative approach. Efforts will be made to conduct possible transactions by the group in its own shares through the stock exchange or in other ways at prevailing stock exchange prices.

Transactions with related parties

Bouvet's routines specify that, in general, no transactions should be conducted between the group and its shareholders, directors, senior executives or their related parties. Should any of these have an interest in a transaction involving the group, the board must be informed and if necessary take up the matter for consideration. Unless the transaction is insignificant, the board will secure third-party assessments of the transaction and otherwise assure itself that no form of unfair treatment of shareholders, elected officers, employees or others is involved.

5. Freely negotiable shares

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

6. General meeting

The general meeting is the group's highest authority.

Bouvet will facilitate the participation of as many shareholders as possible at the general meeting and ensure that it functions as an effective meeting place for the shareholders and the board so that the owners can exercise their rights.

Notice

Notice of the meeting and supporting documents will be issued in good time before the meeting is to take place and posted to the group's website no later than 21 days in advance. All shareholders with a known address in the Norwegian Central Securities Depository (VPS) will receive the documents in the post at least 21 days before the general meeting takes

place. Pursuant to article 6 of the articles of association, it is sufficient that related documents are made available on the group website. However, a shareholder may ask to be sent supporting documents concerning matters to be considered at the general meeting. Supporting documents shall include all necessary documentation so that the shareholders can decide on all matters to be discussed. The deadline for registering attendance is five working days before the meeting.

Implementation

The general meeting is held in physical form, and provision is made for shareholders to participate electronically.

Shareholders unable to attend in person will be given an opportunity to vote by proxy. The group will provide information on the procedure for appointing a proxy or appoint a person who can act as proxy for the shareholder. A proxy form will also be prepared which makes it possible for the shareholder to specify how their proxy should vote on each item to be considered and over each candidate for election.

Participation

The chairs of the board and the nomination committee attend the annual general meeting, together with representatives of the executive management. Other directors have the right to attend. In addition, at least one director will attend all extraordinary general meetings. The auditor will attend when the business to be transacted is of such a nature that this must be considered necessary.

Provision will be made for dialogue with the shareholders at the general meeting.

Independent chair

The board determines the agenda for the general meeting. The main items on the agenda comply with the requirements of the Public Limited Companies Act as well as 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 group and Oslo Stock Exchange websites.

7. Nomination committee

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

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

The committee's job is to recommend candidates for election to the board and to make a recommendation on directors' fees. These recommendations should be justified and 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 will consist of five to eight directors. The group's board of directors consisted at 31 December 2022 of five shareholder-elected directors, including two women and three men. The chief executive is not a director.

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

Independence of the board

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

An overview of the board's collective shareholding in Bouvet is provided in note 8 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: Directors can be elected by law for up to four years, but the code recommends that their term of office does not last longer than two. 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 Companies Act
- Supervision, pursuant to section 6, sub-section 13 of the Public Limited Companies Act.

An annual plan has been approved by the board for its work. This focuses on the board's duties: to develop the group's strategy and monitor its implementation. In addition, the board

will exercise 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 significant importance or of a special character. A total of eight board meetings were held in 2022.

Instructions for the board

Pursuant to the Public Limited 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.

In addition to the chair, the board has an independent chair to lead the discussion on issues where the chair is disqualified or unable to attend.

Agreements with related parties

Pursuant to the Public Limited Companies Act, the board has a responsibility to consider all agreements between the group and related parties. A detailed consideration of such agreements must ensure that the group is aware of possible conflicts of interest and prevent value being transferred from the group to related parties.

Conflicts of interest and disqualification

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

Directors and the chief executive must not consider matters in which they have a substantial special interest. See the rules on disqualification in the Public Limited Companies Act.

Instructions for the chief executive

The board is responsible for appointing the chief executive. The board also adopts instructions, authorities and terms for the chief executive.

Financial reporting

Periodic reports which comment on the group's financial status are received by the board. Where interim reporting is concerned, the group observes the deadlines set by the Oslo Stock Exchange.

Chair of the board

The chair is responsible for ensuring good and efficient organisation of board work and that the board fulfils its duties. The chief executive prepares matters for the board in consultation with the chair.

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

To ensure independent consideration, another director chairs the board's discussions on matters of a significant nature where the chair themselves is or has been actively involved. That applies even if the chair is not disqualified pursuant to section 6, sub-section 27 of the Public Limited Companies Act.

Board subcommittees

The board has established two subcommittees, for audit and compensation respectively. Instructions have been adopted by the board for 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 its members cease to sit on the board. The committee has two members with the expertise required to exercise their duties. At least one of its members must be independent of the business 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.

The committee will (pursuant to section 6, sub-section 43 of the Public Limited Companies Act on the duties of the audit committee):

- a. inform the board of the results of the statutory audit and explain how this contributed to the integrity of financial reporting and the role of the committee in this process.
- b. prepare the board's follow-up of the financial reporting process and make recommendations to safeguard its integrity.
- c. monitor the systems for internal control, risk management and internal audit, without breaching the audit committee's independent role.
- d. maintain on-going contact with the group's elected auditor concerning the auditing of the annual report, including particular monitoring of the conduct of the audit in the light of possible inspection letters 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 services other than auditing.
- f. be responsible for preparing and recommending the group's choice of auditor, and the auditor's fee or other terms of the assignment.
- g. review its mandate and mode of working on an annual basis and recommend possible changes to the board.

The committee determines for itself who is to attend meetings. Apart from the committee's members, the chief financial officer and a representative of the external auditor will normally attend.

The committee will have separate meetings at least once a year with a representative of the external auditor and the chief executive respectively.

Compensation committee

Bouvet has established a compensation committee which comprises three directors and which is independent of the group's 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 subcommittee is charged with assessing the content and principles of the group's pay and bonus system, and for preparatory work ahead of a discussion of these issues by the full board in cooperation with the chief executive. The subcommittee compares remuneration in Bouvet in part with other companies and presents proposals to the full board on possible changes.

Self-assessment by the board

The board evaluates its work and competence annually.

10. Risk management and internal control

The board and executive management of Bouvet place great emphasis on establishing and maintaining routines for risk management and internal control. An annual review of the most important risks affecting the business is conducted by the board, with special attention paid to the following aspects.

Training and motivation of employees

Training and motivating employees is a key factor in Bouvet's business. It regards a high quality of work, openness and honesty in relations between individuals and the group as important principles. Systematic efforts are made to ensure that the workforce is professionally up-to-date and developing well. The group is committed to maintaining a good social environment. Another goal is that the working day will not last longer than is necessary for employees to have good leisure time. Bouvet conducts annual working environment (climate) surveys as part of its internal control.

Work procedures, regulations, instructions and authority

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

Financial reporting

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

Financial results and key figures are presented to the board on a monthly basis together with the 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 the focus on central

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 where the group has a delivery responsibility are reviewed and the remaining work re-estimated on a monthly basis in order to ensure correct accrual of the projects in the financial reporting.

Client satisfaction

Regular surveys are conducted to secure information on client satisfaction.

Projects

Bouvet invoices most of its projects on an on-going basis. But the group also delivers projects where a predefined result is to be supplied at a price which is fixed or contains elements of fixed pricing. Variances may arise in such cases between the final income per hour and the calculated income per hour at start-up and during execution of the projects. A continuous assessment is made of risk associated with projects.

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. Remuneration of the board of directors

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

Fees are fixed and independent of the results achieved. An overview of overall remuneration for directors is presented in note 8 to the annual financial statements. Details of remuneration paid to each director are provided in the remuneration report available on the group's website. No options are awarded to directors.

12. Remuneration of the executive management

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

The main principle applied by Bouvet for determining the pay and other remuneration of the chief executive and other senior executives is that these persons will be offered competitive terms.

In addition, Bouvet will offer terms which encourage a commitment to and value creation for 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 shared administrative and staff functions.

Performance-based remuneration cannot exceed 50 per cent of ordinary annual pay. The chief executive and other senior executives have three months' notice, calculated from the end of the calendar month in which they resign/are dismissed. A presentation of the guidelines for remuneration of senior executives is available on the group's website.

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

13. Information and communication

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

Information about important events in Bouvet as well as its periodic reporting of results are published in accordance with the guidelines which the group is subject to through its listing on the Oslo Stock Exchange.

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

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

Bouvet's website is an important tool in its communication policy. All published information will be posted to this site, which will also be used to receive 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 as well as an overview of market prospects and the outlook for the business. These presentations are given by the chief executive. Interim reports and presentation materials are made available on the group's website.

The board determines the group's financial calendar, which specifies the dates for the publication of interim reports and the annual general meeting. This calendar is published by the end of December via the Oslo Stock Exchange's information system and on the Bouvet website.

14. Takeovers

In the event of a bid for the parent company's shares, the board and the 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 offer. Unless otherwise instructed by the general meeting, the board will not deploy defensive mechanisms to prevent the implementation of the bid.

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

Should the board find that it is unable to recommend whether the shareholders should accept the bid, it will explain the reasons why such a recommendation cannot be given. An explanation must be provided if the board's decision is not unanimous.

The board will consider whether an assessment should be obtained 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. A plan for their work is submitted annually by the external auditor to the audit committee, and this plan will specify planned services other than auditing.

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

At least once a year, the auditor will hold a meeting with the audit committee where the company's internal control system and possible weaknesses, with suggestions for improvement, will be reviewed. In addition, the board and the auditor will hold at least one meeting a year without the chief executive or other executive personnel being present.

The auditor's fee will be 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.

