

**Active Owners Denmark's guidelines and recommendations for responsible ownership and corporate governance for private equity companies and their portfolio companies**

**(Annual corporate governance statement for the financial year 2021)**

The ultimate owner is Polaris Private Equity IV K/S (Polaris). Polaris is a private equity company, owns 98.5% of BidCo RelyOn Nutec A/S (RelyOn Nutec) and is a member of Active Owners Denmark and is therefore covered by Active Owners Denmark's guidelines and recommendations for responsible ownership and corporate governance for private equity companies and their portfolio companies.

### **Corporate Governance**

The Board of Directors of RelyOn Nutec considers it its primary task to promote the long-term interests of the Group and thus of all shareholders. To undertake this task, the Board of Directors shall convene at least four times per year as well as extraordinary board meetings when deemed necessary; and the Chairmanship engages in an on-going dialogue with the Executive Management.

The corporate governance reporting framework is intended to ensure efficient, adequate, appropriate and sound management of RelyOn Nutec and has been prepared within the scope of RelyOn Nutec's Articles of Association as well as the prevailing legislation and rules applicable to a Danish company being listed on the Oslo Stock Exchange (Oslo Børs).

### **Recommendations on Corporate Governance**

RelyOn Nutec complies with all the recommendations of September 2019 except for recommendation 3.1. with respect to establishment of an Audit Committee. Considering the size and structure of RelyOn Nutec, the Board of Directors has decided not to establish a formal Audit Committee. Instead such tasks are undertaken by the Board of Directors.

For further information on the recommendations, please refer to [www.aktiveejere.dk](http://www.aktiveejere.dk).

## **Board of Directors**

The Board of Directors is composed with emphasis on extensive experience within both the oil & gas industry, digitalisation, general management and strategy. It is furthermore emphasised that the Board of Directors collectively has a professional broad spectrum, extensive experience and documented strategic and managerial competencies to the effect that the Board of Directors can perform their tasks in the best possible way. When assessing the nomination of new candidates, the need for integration of new talent and the need for diversity in relation to e.g. international experience, gender and age, are considered.

### ***Recommendations for more women on supervisory boards***

Pursuant to section 99b of the Danish Financial Statement Act, the Group hereby reports on its target settings and its actual gender distribution. RelyOn Nutec's core principle for diversity is to ensure equal conditions and opportunities for every individual, including gender diversity. RelyOn Nutec's employees have different culture, backgrounds and religion; and we are continuously committed to promoting an inclusive and balanced workforce.

The core principle for diversity is that there must be equal conditions for all, i.e. both with respect to external candidates applying for leadership positions within RelyOn Nutec and internal promotions.

Following this principle, RelyOn Nutec's approach to gender diversity is that the composition of the management levels, over a number of years, should reflect the composition of the wider group of employees. At RelyOn Nutec, we proactively work to ensure gender diversity across the organisation, with equal opportunities and terms. We want to ensure that all employees have an equal voice in the workplace, including through adequate grievance mechanisms and employee satisfaction feedback systems and processes.

The composition of employees of RelyOn Nutec consists of 35 % women and 65 % men. The Board of Directors consists of four men (80%) and one woman (20%), while Group Management in 2021 consisted of six men (71 %) and two women (29 %). The target in relation to gender composition of Group Management is that at least 40% of Group Management is of the underrepresented gender.

As mentioned, RelyOn Nutec now has one female board member, which is a positive contribution to the gender distribution on the board. The Board of Directors remains aware of the underrepresentation and wants to support and contribute to the composition of the board being more diverse. It is the target that before 2023 the Board of Directors must consist of at least 40% of the underrepresented gender.

The target for the composition of the Board of Directors is ambitious considering the industry and the fact that women have traditionally not had a high representation. If new candidates are considered for the Board of Directors, gender will be part of the assessment, but the relevant and necessary professional competencies will remain the most important criteria in the selection process.

**Board members**

- Jakob Bo Thomassen (Chairman)
- Jesper Teddy Lok
- Henrik Bonnerup
- Jan Damsgaard
- Merete Søby

CVs of the members of the Board of Directors are available on page 24 in the annual report for 2021.

***Outline of responsibility***

- Lay down general business and management principles for the Company
- Decide on strategy and risk policies for the Company
- Supervise the performance of the Company, the Executive Management and secure the proper organisation of the Company
- Monitor the independence of the external auditors and the planning, execution and the opinion of the external auditors
- Review the Company's financial position, capital resources and reporting on financials and performance
- Appoint members of the Executive Management

**Executive Management**

Pursuant to the applicable general guidelines issued by the Board of Directors and Danish law, the Executive Management is responsible for RelyOn Nutec's day-to-day management of the Company, including all management tasks to be undertaken by the Executive Management.

The Executive Management consists of: Torben Harring (Group CEO).

**Outline of responsibility:**

- Develop the business and provide strategies for the Company to be approved by the Board of Directors
- Implement the strategy for the Company and execute on investments and divestments
- Develop the organisational structure of the Company and allocate resources
- Drive and monitor the performance of the Company
- Prepare internal and external financial reporting
- Establish internal policies and procedures for relevant topics such as accounting, finance, IT, etc.
- Oversee Enterprise Risk Management
- Report to the Board of Directors

**Financial reporting and internal controls**

The Board of Directors and the Executive Management regularly assess material risks and internal controls in connection with the Group's financial reporting process. The Board of Directors monitors the process of financial reporting on an ongoing basis, as well as the adequacy and effectiveness of the established internal controls.

The Board of Directors and the Executive Management define the guidelines for procedures and internal controls to which compliance must be kept.

The adopted policies, guidelines and procedures are updated and communicated internally on a regular basis. Any material weaknesses, inadequacies and violation of adopted policies, business procedures and internal controls are reported to the Board of Directors.

The Board of Directors monitors and reviews the independence of the external auditors and monitors the planning, execution and the opinion of the external auditors.

RelyOn Nutec has established a reporting mechanism (a whistle-blower scheme) with a view to enabling its employees and other stakeholders to confidentially report a potential violation of law and/or non-compliance with RelyOn Nutec's policies and guidelines or any other misconduct.

Recommendation	RelyOn Nutec complies	RelyOn Nutec does not comply	The explanation for not complying with the recommendation
<b>1. Disclosures in the annual report</b>			
1.1 It is <b>recommended</b> that the management commentary indicates that the majority shareholder is a private equity company which is a member of Active Owners Denmark, for which reason the Company is covered by Active Owners Denmark's guidelines.	✓		
1.2 It is <b>recommended</b> that the annual report refers to the Company's website where the annual report is also available.	✓		
1.3 It is <b>recommended</b> that the management commentary accounts for special financial risks associated with the chosen capital structure.	✓		
1.4 It is <b>recommended</b> that the management commentary accounts for the total number of employees during the accounting year.	✓		
1.5 It is <b>recommended</b> that the management commentary includes the following information on the members of the Board of Directors: <ul style="list-style-type: none"> <li>• Which private equity company owns the Company, including its ownership interest</li> <li>• Who has nominated the individual board members?</li> <li>• The position of the relevant person,</li> <li>• Other executive functions, e.g. memberships in Executive Boards, Boards of Directors, and Supervisory Boards, including Board Committees in foreign enterprises and demanding organisational tasks</li> <li>• The shareholding owned by the Board of Directors and Executive Management as a collective group if the shareholding exceeds 5% at the balance sheet date.</li> </ul>	✓		
1.6 It is <b>recommended</b> that the management commentary includes information on the Company's internal control and risk management systems relating to business risks.	✓		

Recommendation	RelyOn Nutec complies	RelyOn Nutec does not comply	The explanation for not complying with the recommendation
<b>2. Tasks and responsibilities of the Board of Directors</b>			
2.1 It is <b>recommended</b> that the Board of Directors annually reviews and approves the guidelines for the Executive Management; this includes establishing requirements for the Executive Management on timely, accurate and adequate reporting to the Board of Directors.	✓		
2.2 It is <b>recommended</b> that the Board of Directors adopts policies on corporate social responsibility.	✓		
2.3 It is <b>recommended</b> that once a year the Board of Directors discusses the Company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary of the Company's annual report and/or on the website of the Company.	✓		

Recommendation	RelyOn Nutec complies	RelyOn Nutec does not comply	The explanation for not complying with the recommendation
<b>3. Committees</b>			
3.1 It is <b>recommended</b> that the Board of Directors sets up a formal Audit Committee.		✓	Considering the size and structure of RelyOn Nutec, the Board of Directors has decided not to establish a formal Audit Committee. Instead such tasks are undertaken by the Board of Directors.
3.2 It is <b>recommended</b> that the Board of Directors sets up a formal Audit Committee composed in the sense that the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of similar companies.	✓		

Recommendation	RelyOn Nutec complies	RelyOn Nutec does not comply	The explanation for not complying with the recommendation
<b>3. Committees (continued)</b>			
<p>3.3. It is <b>recommended</b> that, prior to the approval of the annual report and other financial reports, the Audit Committee monitors and reports to the Board of Directors about:</p> <ol style="list-style-type: none"> <li>1. Significant accounting policies,</li> <li>2. Significant accounting estimates,</li> <li>3. Related party transactions,</li> <li>4. Uncertainties and risks, also in relation to the outlook for the current year, and</li> <li>5. Going concern</li> </ol>	✓		
<p>3.4 It is <b>recommended</b> that the Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Reviews the Company's risk management systems</li> <li>2. Annually assesses the need for an internal audit function or extended controller function</li> <li>3. Monitors the Executive Management's follow-up on the conclusions and recommendations by the internal audit function or similar function</li> </ol>	✓		

Recommendation	RelyOn Nutec complies	RelyOn Nutec does not comply	The explanation for not complying with the recommendation
<b>4. Risk management and internal controls</b>			
<p>4.1 It is <b>recommended</b> that the Executive Management and Board of Directors at least once a year identify key business risks related to the Company's strategy and overall objectives, as well as financial reporting risks.</p>	✓		
<p>4.2 It is <b>recommended</b> that the Executive Management reports to the Board of Directors on the developments within the major risk areas and on the compliance of any policies and frameworks adopted to allow the Board of Directors to closely monitor developments and take the necessary decisions.</p>	✓		
<p>4.3 It is <b>recommended</b> that the Board of Directors decides whether or not to establish a whistle-blower scheme for expedient and confidential notification of possible or suspected wrongdoing.</p>	✓		