

# Corporate Governance Report

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This Corporate Governance Report has been prepared in accordance with the Swedish Companies Act (SFS 2005:551), the Annual Accounts Act (SFS 1995:1554) and the Swedish Corporate Governance Code and has been subject to a review by the Company's statutory auditor.

Orrön Energy reports no deviations from the Corporate Governance Code in 2024. There were no infringements of applicable stock exchange rules during the year, nor any breaches of good practice on the securities market.

Orrön Energy AB (publ), company registration number 556610-8055, has its corporate head office at Hovslagargatan 5, 111 48 Stockholm, Sweden and the registered seat of the Board of Directors is Stockholm, Sweden. The Company's website is [www.orrön.com](http://www.orrön.com).

## 2025 Annual General Meeting

The 2025 Annual General Meeting (AGM) will be held on 5 May 2025 at 11.00 CEST as a digital meeting combined with an option to vote by post in advance of the AGM. Shareholders may choose to exercise their voting rights at the AGM by attending online, through a proxy or by postal voting. Shareholders who wish to attend the meeting must be recorded in the share register maintained by Euroclear Sweden on the day falling six business days prior to the meeting, or if the shares are registered in the name of a nominee, request that the nominee registers the shares in their own name for voting purposes on the day falling four business days prior to the meeting, and must notify the Company of their intention to attend the AGM no later than the date set out in the notice of the AGM.

Further information about registration to and attendance at the AGM, as well as voting by mail or proxy, can be found in the notice of the AGM, available on the Company's website.

**Orrön Energy's corporate governance framework seeks to ensure that the business is conducted efficiently and responsibly, that responsibilities are allocated in a clear manner and that the interests of shareholders, management and the Board of Directors remain fully aligned.**

## Guiding principles of corporate governance

Orrön Energy is an independent, publicly listed renewable energy company, with high quality wind assets in the Nordics, coupled with growth opportunities in onshore wind, solar and batteries in the Nordics, the UK, Germany, and France. Orrön Energy applies a governance structure that favours straightforward decision-making processes, with easy access to relevant decision makers, while nonetheless providing the necessary checks and balances for the control of the activities, both operationally and financially. Orrön Energy's principles of corporate governance seek to:

- Protect shareholder rights
- Provide a safe and rewarding working environment to all employees and contractors
- Ensure compliance with applicable laws and best industry practice
- Ensure activities are carried out competently and sustainably
- Safeguard the well-being and interests of local communities and stakeholders

As a Swedish public limited company listed on Nasdaq Stockholm, Orrön Energy is subject to the Rule Book for Issuers of Nasdaq Stockholm, which can be found on [www.nasdaq.com](http://www.nasdaq.com). In addition, the Company abides by principles of corporate governance found in a number of internal and external documents. Abiding to corporate governance principles builds trust in Orrön Energy, which results in increased shareholder value. By ensuring the business is conducted in a responsible manner, the corporate governance structure ultimately paves the way for increased efficiency.

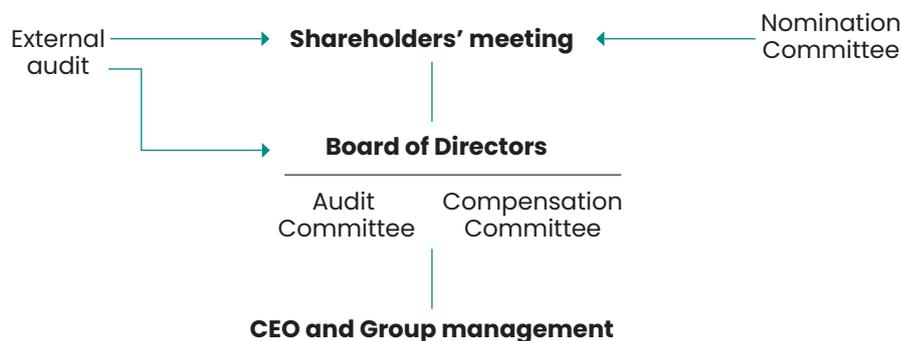
## Corporate governance rules and regulations

### Swedish Corporate Governance Code

The Corporate Governance Code is based on the tradition of self-regulation and the principle of "comply or explain". It acts as a complement to the corporate governance rules contained in the Swedish Companies Act, the Annual Accounts Act, EU rules, and other regulations such as the Rule Book for Issuers, the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes and good practice on the securities market.

### Orrön Energy's Articles of Association

The Articles of Association contain customary provisions regarding the Company's governance and do not contain any limitations as to how many votes each shareholder may cast at shareholders' meetings, nor any special provisions regarding the appointment and dismissal of Board members or amendments to the Articles of Association. The Articles of Association are available on the Company's website.



**Main external rules and regulations for corporate governance at Orrön Energy**

- Swedish Companies Act
- Swedish Annual Accounts Act
- Nasdaq Stockholm Rule Book for Issuers
- Swedish Corporate Governance Code
- Swedish Rules on Remuneration of the Board and Executive Management and on Incentive Programmes

**Main internal rules and regulations for corporate governance at Orrön Energy**

- The Articles of Association
- The Code of Conduct
- Policies, Procedures and Guidelines
- The Rules of Procedure of the Board, instructions to the CEO, and for the financial reporting to the Board, and the terms of reference of the Board Committees and the Investment Committee
- Nomination Committee Process

**Highlights 2024**

Sale of the Company's 50 percent interest in the Leikanger hydropower plant for a value accretive price of 53 MEUR, significantly strengthening the balance sheet and maintaining liquidity headroom through the 170 MEUR revolving credit facility.

Adding a total of 50 GWh of annual long-term proportionate power generation through acquisitions, and ensuring a robust implementation of assets into the governance framework of Orrön Energy.

Reaching the Ready-to-Permit milestone for the first large scale solar and battery greenfield development project in the UK.

Appointment of Mike Nicholson as new Board member at the AGM held on 15 May 2024.

**Orrön Energy's Code of Conduct**

Orrön Energy's Code of Conduct constitutes the commitment of the Company, its employees, contractors, and business partners to act in accordance with high ethical standards, for the benefit of all stakeholders. The Company applies the same standards to all of its activities to satisfy both its commercial and ethical requirements and strives to continuously improve its performance and to act with high standards of corporate citizenship. The Code of Conduct is an integral part of the Company's employment and supply chain contracts and any violations of the Code of Conduct will be the subject of an inquiry and appropriate measures. The Code of Conduct is available on the Company's website.

**Orrön Energy's policies, procedures and guidelines**

Corporate policies, procedures and guidelines have been developed to outline specific rules and controls, to increase efficiency and improve performance by facilitating compliance. They cover areas such as health and safety,

environment, human rights, stakeholder engagement, diversity, information, anti-corruption, anti-fraud, anti-money laundering, competition law, tax, whistleblowing, accounting and finance, human resources, and inside information. All guiding documents are continuously reviewed and updated when required, and regular compliance training is provided to all employees. The policies are available on the Company's website.

**Orrön Energy's Rules of Procedure of the Board**

The Rules of Procedure of the Board contain the fundamental rules regarding the division of duties between the Board, the Committees, the Chair of the Board and the Chief Executive Officer (CEO). The Rules of Procedure also include instructions to the CEO, instructions for the financial reporting to the Board and the terms of reference of the Board Committees and the Investment Committee. The Rules of Procedure are reviewed and approved annually by the Board.

## Share capital and shareholders

The shares of Orrön Energy are listed on Nasdaq Stockholm. The total number of shares is 285,905,187. Each share has a quota value of SEK 0.01 (rounded-off) and the registered share capital of the Company is SEK 3,478,713 (rounded-off). All shares of the Company carry the same voting rights and the same rights to a share of the Company's assets and earnings. The Company has issued 8,560,000 warrants of series 2022:2, 5,300,000 warrants of series 2024:1 and 6,300,000 warrants of series 2024:2. The Company held no treasury shares on 31 December 2024.

At the end of 2024, Orrön Energy had a total of 55,083 shareholders listed with Euroclear Sweden, which represents a decrease of 14,199 compared to the end of 2023.

The 10 largest shareholders on 31 December 2024	Number of shares	Percent (rounded)
Nemesia S.å r.l. <sup>1</sup>	95,478,606	33.4%
JNE Partners	34,749,250	12.2%
Handelsbanken Fonder	7,192,260	2.5%
Blackrock	3,439,061	1.2%
Banque Lombard Odier & Cie	3,427,150	1.2%
Avanza	3,412,348	1.2%
Dimensional Fund Advisors	2,967,193	1.0%
Nordnet Pensionsförsäkring	2,269,866	0.8%
Amundi	2,000,462	0.7%
SEB	1,971,928	0.7%
Other shareholders	128,997,063	45.1%
<i>of which Investment Committee and Board</i>	<i>1,848,609</i>	<i>0.6%</i>
<b>Total</b>	<b>285,905,187</b>	<b>100%</b>

<sup>1</sup> An investment company wholly owned by Lundin family trusts. Source: Monitor Holdings and external shareholder confirmation.

## Shareholders' meeting

The shareholders' meeting is the highest decision-making body of Orrön Energy where the shareholders exercise their voting rights and influence the business of the Company. The AGM is held each year before the end of June at the seat of the Board in Stockholm. The notice of the AGM is announced in the Swedish Gazette (Post- och Inrikes Tidningar) and on the Company's website no more than six and no less than four weeks prior to the meeting. The documentation for the AGM is provided on the Company's website in Swedish and in English at the latest three weeks prior to the AGM.

### 2024 AGM

The 2024 AGM was held on 15 May 2024 in Stockholm. The AGM was attended by 68 shareholders, personally or by proxy, representing 36.7 percent of the share capital. The Chair of the Board, the CEO as well as all Board members were present at the meeting.

The resolutions passed by the 2024 AGM include:

- Election of advokat Klaes Edhall as Chair of the AGM.
- Adoption of the Company's income statement and balance sheet, and the consolidated income statement and balance sheet for 2023, and that no dividend should be paid.
- Discharge of the Board and the CEO from liability for the administration of the Company's business for 2023.
- Approval of the Remuneration Report prepared by the Board.
- Approval of the remuneration of EUR 120,000 to the Chair of the Board and EUR 60,000 to other Board members, and EUR 10,000 to each Committee Chair, and EUR 5,000 to other Committee members, with the total fees for Committee work not to exceed EUR 50,000.
- Re-election of Grace Reksten Skaugen, Jakob Thomasen, Peggy Bruzelius and William Lundin, and election of Mike Nicholson as a new member of the Board.
- Re-election of Grace Reksten Skaugen as Chair of the Board.
- Approval of the remuneration of the statutory auditor.
- Re-election of the registered accounting firm Ernst & Young AB as the Company's statutory auditor until the 2025 AGM, authorised public accountant Anders Kriström being the designated auditor in charge.
- Approval of a revised Nomination Committee Process.
- Approval of a long-term share-related incentive plan in the form of a share option plan for members of Group management and other employees of the Company ("Employee LTIP 2024").
- Approval to issue and transfer 5,300,000 warrants of series 2024:1 to participants of the Employee LTIP 2024.
- Approval to issue and transfer 6,300,000 warrants of series 2024:2 to participants of the Employee LTIP 2023.
- Approval to authorise the Board to issue new shares and/or convertible debentures corresponding to in total not more than 28,500,000 new shares, with or without the application of the shareholders pre-emption rights, in order to enable or facilitate acquisitions of companies or businesses or other major investments.
- Approval to authorise the Board to decide on repurchases and sales of shares in Orrön Energy on Nasdaq Stockholm, where the number of shares repurchased shall be limited so that shares held in treasury from time to time do not exceed ten percent of all outstanding shares of the Company; and
- Rejection of a shareholder proposals, which was put forward by a minority shareholder.

All AGM materials, in Swedish and English, are available on the Company's website.

### 2024 Extraordinary General Meeting (EGM)

The 2024 EGM was held on 7 August 2024 in Stockholm. The EGM was attended by 63 shareholders, personally or by proxy, representing 47.6 percent of the share capital. The Chair of the Board, the CEO as well as a quorum of the Board was present at the meeting, in person or through video link.

The resolutions passed by the 2024 EGM include:

- Election of advokat Klaes Edhall as Chair of the EGM.
- Approval to amend the Articles of Association.
- Retirement of 19,427 shares and reduction of the share capital, and subsequent bonus issue to restore the share capital.

All EGM materials, in Swedish and English, are available on the Company's website.

## External auditors of the Company

### Statutory auditor

Orrön Energy's statutory auditor audits annually the Company's financial statements, the consolidated financial statements, the Board's and the CEO's administration of the Company's affairs and reports on the Corporate Governance Report. The auditor also controls that the Sustainability Report meets the requirements in the Annual Accounts Act. In addition, the auditor performs a review of the Company's half year report and issues a statement regarding the Company's compliance with the Policy on Remuneration.

The Board meets at least once a year with the auditor without any member of Group management present at the meeting. In addition, the auditor participates regularly in Audit Committee meetings, in particular in connection with the Company's half year and year end reports. Group entities outside of Sweden are audited in accordance with local rules and regulations.

The Company's statutory auditor is the registered accounting firm Ernst & Young AB, which was first elected as the Company's statutory auditor at the 2020 AGM. The auditor's fees are described in the notes to the financial statements, see Note 22 on page 64 and Note 7 on page 72. The auditor's fees also detail payments made for assignments outside the regular audit mandate. Such assignments are kept to a minimum to ensure the auditor's independence towards the Company and generally require prior approval of the Company's Audit Committee.

### Nomination Committee

The Nomination Committee is formed in accordance with the Company's Nomination Committee Process, a revised version of which was approved at the 2024 AGM. According to the Process, the Company shall invite three of the larger shareholders of the Company based on shareholdings as per 1 August each year to form the Nomination Committee, however, the members are, regardless of how they are appointed, required to promote the interests of all shareholders of the Company.

The Nomination Committee conducts its task in accordance with the Swedish Corporate Governance Code. The tasks of the Nomination Committee include making recommendations to the shareholders regarding the election of the Chair of the AGM, election of Board members and the Chair of the Board, remuneration of the Chair and other Board members, including remuneration for Board Committee work, election of the statutory auditor, and remuneration of the statutory auditor. Shareholders may submit proposals to the Nomination Committee by e-mail to [nomcom@orron.com](mailto:nomcom@orron.com).

### Nomination Committee for the 2024 AGM

The members of the Nomination Committee for the 2024 AGM are described in the Company's 2023 Annual Report. The full Nomination Committee reports, including the final proposals, are available on the Company's website.

### Nomination Committee for the 2025 AGM

The members of the Nomination Committee for the 2025 AGM were announced and posted on the Company's website on 30 October 2024. The Nomination Committee has held three meetings during its mandate so far. At the first meeting, Aksel Azrac was unanimously elected as Chair of the Nomination Committee.

The full Nomination Committee report, including the final proposals to the 2025 AGM, is available on the Company's website.

### Nomination Committee for the 2025 AGM

Aksel Azrac (Chair)	Nemesia S.å.r.l
Richard Ollerhead	JNE Partners LLP
Sussi Kvart	Handelsbanken Fonder

### Board of Directors

The Board of Directors of Orrön Energy is responsible for the organisation of the Company and management of the Company's operations. The Board is to manage the Company's affairs in the interests of the Company and all shareholders with the aim of creating long-term sustainable shareholder value. To achieve this, the Board should at all times have an appropriate and diverse composition considering the current and expected development of the operations, with Board members from a wide range of backgrounds that possess both individually and collectively the necessary experience and expertise.

### Composition of the Board

The Board of Orrön Energy shall, according to the Articles of Association, consist of a minimum of three and a maximum of ten directors without deputies, and the AGM decides the final number each year. The Board members are elected for a period of one year. There are no deputy members and no members appointed by employee organisations. In addition, the Board is supported by a corporate secretary, the Company's General Counsel, Henrika Frykman, who is not a Board member.

The Nomination Committee for the 2024 AGM considered that the Board of five members elected at the 2024 AGM was, taking into consideration the Company's planned future business and operations, sustainability strategy, and the economic and financial circumstances generally in which the Company operates, composed of a broad and versatile group of knowledgeable and skilled individuals who were motivated and prepared to undertake the tasks required of the Board in today's business environment.

The Board members possess substantial expertise and experience, and in addition, the Board fulfils the requirements regarding independence in relation to the Company, Group management and the Company's major shareholders. Such expertise and experience relate to the Company's core area of operation in the renewable energy sector, public company financial matters, Swedish practice and compliance matters, sustainability matters, corporate responsibility, and health, safety, and the environment.

Gender balance was specifically discussed and the Nomination Committee noted that 40 percent of the proposed Board for election at the 2024 AGM were women. The Company aims to promote diversity at all levels of the Company, and the Nomination Committee applies the diversity requirements of the Corporate Governance Code. The recommendation of the Swedish Corporate Governance Board is that listed Swedish companies should strive to achieve a 40 percent Board representation of the least represented gender.

The Nomination Committee further reviewed the remuneration of the Board ahead of the 2024 AGM and decided that no increase should be proposed.

## Board meetings and work 2024

The Chair of the Board is responsible for ensuring that the Board's work is well organised and conducted in an efficient manner as well as ensuring that reporting instructions are upheld for management, as drawn up by the CEO and as approved by the Board, however, the Chair does not take part in the day-to-day work. The Chair maintains close contacts with the CEO to ensure the Board is at all times sufficiently informed of the Company's operations and financial status. Nine Board meetings were held during 2024 and monthly operational reports were circulated to the Board.

## Board Committees

To maximise the efficiency of the Board's work and to ensure a thorough review of specific issues, the Board has established a Compensation Committee and an Audit Committee. The tasks and responsibilities of the Committees are detailed in the terms of reference of each Committee, which are annually adopted as part of the Rules of Procedure of the Board. Minutes are kept at Committee meetings and matters discussed are reported to the Board. In addition, informal contacts take place between ordinary meetings as and when required by the operations.

### Compensation Committee

The Compensation Committee assists the Board in Group management remuneration matters and receives information and prepares the Board's and shareholder meetings' decisions on matters relating to the principles of remuneration, remuneration and other terms of employment of Group management. The objective of the Committee in determining compensation for Group management is to provide a compensation package that is based on market conditions, is competitive and takes into account the scope and responsibilities associated with the position, as well as the skills, experience and performance of the individual. The Committee's tasks also include monitoring and evaluating programmes for variable remuneration, the application of the Policy on Remuneration as well as the current remuneration structures and levels in the Company.

Compensation Committee work during 2024:

- Ongoing review of the performance management process through various meetings across the year.
- Preparing the 2023 Remuneration Report for Board and AGM approval and considering enhancements for the 2024 Remuneration Report.
- Continuous monitoring and evaluation of remuneration structures, levels, programmes and the Policy on Remuneration.
- Review of the Policy on Remuneration adopted by the 2022 EGM and decision not to propose any changes to the 2025 AGM.
- Review and discussion on remuneration levels and practices throughout the Company for consideration in relation to Group management remuneration.
- Review of the performance of the CEO and Group management as per the performance management process.
- Preparing a proposal for a long-term share-related incentive plan in the form of a share option plan for members of Group management and other employees of the Company, Employee LTIP 2024, for Board and AGM approval through various work sessions and preparation discussions.
- Review of the CEO's proposals for remuneration and other terms of employment of the other members of Group management for Board approval.

## Principal tasks of the Board of Directors

- Establishing the overall goals and strategy of the Company.
- Making decisions regarding the supply and allocation of capital.
- Identifying how the Company's risks and business opportunities are affected by sustainability aspects.
- Appointing, evaluating and, if necessary, dismissing the CEO.
- Ensuring that there is an effective system for follow-up and control of the Company's operations and the risks to the Company that are associated with its operations.
- Ensuring that there is a satisfactory process for monitoring the Company's compliance with laws and other regulations relevant to the Company's operations, as well as the application of internal guidelines.
- Defining necessary guidelines to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability.
- Ensuring that the Company's external communications are characterised by openness, and that they are accurate, reliable and relevant.
- Ensuring that the Company's organisation in respect of accounting, management of funds and the Company's financial position in general include satisfactory systems of internal control.
- Continuously evaluating the Company's and the Group's economic situation, including its fiscal position.

- Review of the CEO's proposals for the principles of compensation of other employees.
- Review and approval of the CEO's proposals for awards under the Employee LTIP 2024.
- Preparing a proposal for award under the Employee LTIP 2024 to the CEO.
- Preparing a proposal for remuneration and other terms of employment of the CEO for Board approval.
- Review of Group management succession planning matters.
- Reviewing the organisation and growth based on the increased activities and scope of the Company.
- Frequent contacts, ongoing dialogue and decisions outside of formal meetings to provide oversight and approvals for remuneration issues as presented by Group management.

### Audit Committee

The Audit Committee oversees the Company's internal control systems and assists the Board in ensuring that the Company's financial reports are prepared in accordance with International Financial Reporting Standards (IFRS), the Swedish Annual Accounts Act and accounting practices applicable to a company incorporated in Sweden and listed on Nasdaq Stockholm. The Audit Committee also evaluates financial risks, exposure and strategies. The Audit Committee is empowered by the Committee's terms of reference to make decisions on certain issues delegated to it, such as review and approval of the Company's first and third quarter reports on behalf of the Board. The Audit Committee also regularly liaises with the Group's statutory auditor as part of the annual audit process, and reviews the audit fees and the auditor's independence and impartiality. The Audit Committee further assists the Company's Nomination Committee in the preparation of proposals for the election of the statutory auditor at the AGM.

## Board's yearly work cycle

### Q1 / Q2 activities

- Approval of the year end report.
- Consideration on recommendation for appropriation of the Company's result.
- Approval of remuneration proposals regarding fixed and variable remuneration.
- Approval of the Annual and Sustainability Report.
- Review of the auditor's report.
- Approval of the Policy on Remuneration for submission to the AGM (if applicable).
- Approval of the Remuneration Report.
- Determination of the AGM details and approval of the AGM materials.
- Statutory meeting following the AGM to confirm Board fees, Committee compensation, signatory powers, appointment of corporate secretary.
- Audit Committee report regarding the first quarter report.
- Meeting with the auditor without management present to discuss the audit process, risk management, and internal controls.
- Review of the Rules of Procedure.
- Performance assessment of the CEO.
- Consideration of the performance review of Group management and Compensation Committee remuneration proposals.
- Detailed discussion on business strategy.

### Q3 / Q4 activities

- Adoption of the budget and work programme for the following year's activities.
- Consideration of the Board evaluation to be submitted to the Nomination Committee.
- Adoption of the half year report, reviewed by the statutory auditor.
- Audit Committee report regarding the third quarter report.

## Board of Directors work 2024

The Board held nine Board meetings with deliberations and contacts in-between meetings. In addition to the topics covered by the Board as per its yearly work cycle, the following significant matters were addressed by the Board during the year:

- Discussing in detail the challenging market conditions, including factors impacting power pricing and renewables economics, and Company strategy.
- Considering the Company's production and asset performance, business forecasts, and future outlook, including revenue optimisation through ancillary services and voluntary curtailments.
- Considering and approving multiple additional acquisitions to increase the power generation capacity in the Nordics, and evaluating several potential business opportunities.
- Overseeing the development of a pipeline of growth projects across five countries, including completion of the first Swedish battery project on time and on budget.
- Considering and approving the sale of 50 percent of the company owning the Leikanger hydropower plant at a value accretive price.
- Considering the proposal for a long-term share-related incentive plan in the form of a share option plan for members of Group management and other employees of the Company, the Employee LTIP 2024, subject to 2024 AGM approval.
- Discussing in detail the financing of the Company, including the Company's financial risk management, cash flows, sources of funding, foreign exchange movements, hedging strategy, share buybacks, and liquidity position.
- Reviewing and approving the exercise of an accordion option to increase the 150 MEUR revolving credit facility agreement to 190 MEUR, and reducing it to 170 MEUR following the sale of the Leikanger hydropower plant.
- Discussing the Company's ESG and safety ambitions and performance, including overseeing the achievement of carbon neutrality across Scope 1 and 2 emissions.
- Discussing the Company's risk management framework.
- Discussing and reviewing the operational performance of the Company.
- Approving to propose to the EGM 2024 to allow holding digital shareholder meetings, considering for example, the Company's large international shareholder base and the activist disruptions at the 2024 AGM.
- Discussing the Company's and peers' share price performance.
- Monitoring and discussing the ongoing trial in the legacy Sudan case, including the Company defence presentation, and considering the outcome of the legacy Indonesian tax case.

### Sudan

In June 2010, the Swedish Prosecution Authority began a preliminary investigation into alleged complicity in violations of international humanitarian law in Sudan during 1997–2003.

In November 2021, the Swedish Prosecution Authority brought criminal charges against former representatives of the Company in relation to past operations in Sudan from 1999 to 2003. The charges also included claims against the Company for a corporate fine of MSEK 3.0 and forfeiture of economic benefits of MSEK 2,381.3, which according to the Swedish Prosecution Authority represents the value of the gain of MSEK 720.1 that the Company made on the sale of an asset in 2003. The Company refutes that there are any grounds for allegations of wrongdoing by any of its former representatives and sees no circumstance in which a corporate fine or forfeiture could become payable. The claim for forfeiture of economic benefits was increased from MSEK 1,391.8 by the Swedish Prosecution Authority in August 2023. This latest increase to the claimed forfeiture amount means that Swedish Prosecution Authority has presented three completely different amounts, based on three different methodologies, over the past six years, raising serious questions about the substance and credibility of the Swedish Prosecution Authority's claim. It is obvious that the methodology used by the Prosecutor to arrive at the claimed forfeiture amount is fundamentally flawed, leading to an unreasonable forfeiture claim which has no basis in law and is highly speculative. Any potential corporate fine or forfeiture of economic benefits would only be imposed after an adverse final conclusion of the case against former representatives of the Company. The trial at the Stockholm District Court started in September 2023 and is expected to finish during the second quarter 2026.

More information regarding the past activities in Sudan during 1997–2003 can be found on [www.lundinsudanlegalcase.com](http://www.lundinsudanlegalcase.com).

**Board members on 31 December 2024**

<b>Board of Directors<sup>1</sup>:</b>	<b>Grace Reksten Skaugen</b>	<b>Jakob Thomasen</b>	<b>Peggy Bruzelius</b>	<b>William Lundin</b>	<b>Mike Nicholson</b>
<b>Function</b>	Chair, elected 2015 Born 1953 Compensation Committee Chair	Director, elected 2017 Born 1962 Audit Committee member	Director, elected 2023 Born 1949 Audit Committee Chair	Director, elected 2023 Born 1993 Compensation Committee member	Director, elected 2024 Born 1971 Audit Committee and Compensation Committee member
<b>Education</b>	MBA from the BI Norwegian School of Management, Ph.D. Laser Physics and B.Sc. Honours Physics from Imperial College of Science and Technology at the University of London.	Graduate of the University of Copenhagen, Denmark, M.Sc. in Geoscience and completed the Advanced Strategic Management programme at IMD, Switzerland.	M.Sc. Economics and Business from the Stockholm School of Economics Econ dr hc from the Stockholm School of Economics.	Bachelor of Engineering in Mineral Resource Engineering, from Dalhousie University Halifax, Canada.	Degree in Economics and Management Studies from Aberdeen University.
<b>Experience</b>	Member of the corporate finance team at SEB in Oslo. Board member/deputy chair of Statoil ASA 2002–2015. Member of HSBC European Senior Advisory Council.	CEO of Maersk Oil and a member of the Executive Board of the Maersk Group 2009–2016.	Managing Director of ABB Financial Services AB 1991–1997. Head of the asset management division of Skandinaviska Enskilda Banken AB 1997–1998.	Field Engineer and operator of BlackPearl Resources Inc. 2016–2018. Project engineer production operations of International Petroleum Corp. (IPC) 2018–2020. COO of IPC 2020–2023. President & CEO of IPC 2024–present.	Various economics, financial and banking roles with Veba Oel, Canadian Imperial Bank of Commerce and Marathon Oil 1994–2004. Various roles at Lundin Petroleum, including: • Group Economics and Commercial Manager 2005–2008. • General Manager Malaysia 2008–2012. • Managing Director SEA 2012–2013. • CFO 2013–2017, President & CEO of International Petroleum Corp. (IPC) 2017–2023.
<b>Other Board duties</b>	Member of the Board of Investor AB and PJT Partners, founder and Board member of the Norwegian Institute of Directors, and trustee of the International Institute for Strategic Studies in London.	Chair of the DHI Group, ESVAGT, Hovedstadens Letbane, and Hyme Energy.	Chair of the Board of Lancelot Asset Management AB and member of the Board of International Consolidated Airlines Group S.A.	Member of the Board of IPC, ShaMaran, International Petroleum Corp., and the Lundin Foundation.	Member of the Board of IPC.
<b>Attendance</b>					
Board	9/9	9/9	9/9	9/9	7/7 <sup>4</sup>
Audit Committee		6/6	6/6		4/4 <sup>4</sup>
Compensation Committee	2/2			2/2	1/1 <sup>4</sup>
<b>Remuneration</b>					
Board and Committee work	EUR 130,000	EUR 65,000	EUR 68,000	EUR 65,000	EUR 35,000
<b>Shares as at 31 December 2024</b>	249,789 <sup>2</sup> and 402,000 Board LTIP 2022 options	8,820 and 201,000 Board LTIP 2022 options	30,000	900,000 <sup>3</sup>	Nil
<b>Independent of the Company and Group management</b>	Yes	Yes	Yes	Yes	Yes
<b>Independent of major shareholders</b>	Yes	Yes	Yes	No <sup>3</sup>	No <sup>4</sup>

<sup>1</sup> Board members and functions are included in this table as per 31 December 2024. The previous Board member C. Ashley Heppenstall (Board attendance 3/3, Audit Committee attendance 1/2, Compensation Committee attendance 1/1) did not stand for re-election at the 2024 AGM. The Board remuneration for C. Ashley Heppenstall was paid out in accordance with the 2023 AGM resolution, and can be found in note 20 on page 60.

<sup>2</sup> Grace Reksten Skaugen holds 69,789 shares personally and 180,000 shares through an investment company, Infovidi Ltd.

<sup>3</sup> William Lundin is in the Nomination Committee's opinion not deemed independent of the Company's major shareholder since he is a member of the Lundin family that holds, through family trusts, Nemesia S.à.r.l., which holds 95,478,606 shares in the Company.

<sup>4</sup> Mike Nicholson was elected to the Board on 15 May 2024. Mike Nicholson is in the Nomination Committee's opinion for the time being not deemed independent of the Company's major shareholder since he has very recently stepped down from an executive management position at International Petroleum Corp., a company in which the Lundin family are major shareholders.

Audit Committee work during 2024:

- Assessment of the 2023 year-end report and the 2024 half-year report for completeness and accuracy and recommendation for approval to the Board.
- Assessment and approval of the first and third quarter reports 2024 on behalf of the Board.
- Evaluation of accounting issues in relation to the assessment of the financial reports.
- Follow-up and evaluation of the results of the internal control of the Group.
- Three meetings with the statutory auditor to discuss the financial reporting, internal controls, risk management, etc.
- Evaluation of the audit performance and the independence and impartiality of the statutory auditor.
- Review and approval of statutory auditor's fees.
- Reviewing various matters in relation to risk management.

## Remuneration of Board members

The remuneration of the Chair and other Board members follows the resolution adopted by the AGM. The Board members are not employed by the Company, do not receive any salary from the Company and are not eligible for participation in incentive programmes for Group management and other employees. The Policy on Remuneration approved by the 2022 EGM also comprises remuneration paid to Board members for work performed outside the directorship.

The remuneration of the Board is detailed further in the schedule on page 30 and in the notes to the financial statements, see Note 20 on pages 60–63.

## Evaluation of the Board's work

An evaluation of the work of the Board was conducted in the autumn 2024 through an online survey. The purpose of the evaluation was to assess the functioning of the Board and to identify potential areas of improvement. The results of each individual questionnaire were summarised to provide an overview over each focus area. The results were reported to the Nomination Committee.

## Group management

### Management structure

Orrön Energy's Group and local management consists of highly experienced individuals with extensive industry experience. The Company's CEO is responsible for the management of the day-to-day operations of Orrön Energy. He is appointed by, and reports to, the Board. He in turn appoints the other members of Group management, who assist the CEO in his functions and duties, and in the implementation of decisions taken and instructions given by the Board, with the aim of ensuring that the Company meets its strategic objectives and continues to deliver responsible growth and long-term shareholder value.

### Investment Committee

Group management, which forms the Company's Investment Committee, consists of Daniel Fitzgerald, CEO, Henrika Frykman, General Counsel (GC) and Espen Hennie, Chief Financial Officer (CFO).

The Investment Committee assists the Board in discharging its responsibilities in overseeing the Company's investment portfolio. The role of the Investment Committee is to determine that the Company has a clearly articulated investment policy, to develop, review and recommend to the Board investment strategies and guidelines in line with the Company's overall policy, to review and approve investment transactions and to monitor compliance with investment

strategies and guidelines. The responsibilities and duties include considering annual budgets, supplementary budget approvals, investment proposals, commitments, acquisition and disposal of assets, and performing other investment related functions as the Board may designate.

### Group management tasks and duties

The tasks of the CEO and the division of duties between the Board and the CEO are defined in the Rules of Procedure and the Board's instructions to the CEO. In addition to the overall management of the Company, the CEO's tasks include ensuring that the Board receives all relevant information regarding the Company's operations, including profit trends, financial position, and liquidity, as well as information regarding important events such as significant disputes, agreements and developments in important business relations. The CEO is also responsible for preparing the required information for Board decisions and for ensuring that the Company complies with applicable legislation, securities regulations and other rules such as the Corporate Governance Code. Furthermore, the CEO maintains regular contacts with the Company's stakeholders, including shareholders, the financial markets, business partners and public authorities. To fulfil his duties, the CEO works closely with the Chair of the Board to discuss the Company's operations, financial status, up-coming Board meetings, implementation of decisions and other matters.

Under the leadership of the CEO, Group management is responsible for ensuring that the operations are conducted in compliance with the Code of Conduct, all Group policies, procedures and guidelines in a professional, efficient, and responsible manner. Regular management meetings are held to discuss all commercial, technical, sustainability, financial, legal, and other matters within the Group to ensure the established short- and long-term business objectives and goals will be met. Group management also travel frequently to oversee the ongoing operations, seek new business opportunities and meet with various stakeholders, including business partners, suppliers, and contractors, government representatives and financial institutions. In addition, Group management liaise continuously with the Board, and in particular the Board Committees, in respect of ongoing matters and issues that may arise.

## Remuneration

### Group principles of remuneration

Orrön Energy aims to offer all employees compensation packages that are competitive and in line with market conditions. These packages are designed to ensure that the Group can recruit, motivate, and retain highly skilled individuals and reward performance that enhances long-term sustainable shareholder value.

The Group's compensation packages consist of four elements, being (i) base salary; (ii) annual variable remuneration; (iii) long-term incentive plan (LTIP); and (iv) other benefits. As part of the yearly assessment process, a performance management process has been established to align individual and team performance to the strategic and operational goals and objectives of the overall business. Individual performance measures are formally agreed and key elements of variable remuneration are clearly linked to the achievement of such stated and agreed performance measures.

To ensure compensation packages within the Group remain competitive and in line with market conditions, the Compensation Committee and the Company may undertake benchmarking studies.

## Policy on Remuneration for Group management

The remuneration of Group management follows the principles that are applicable to all employees, however, these principles must be approved by the shareholders at the AGM. The Compensation Committee therefore prepares for approval by the Board and for submission for final approval to the AGM, a Policy on Remuneration for Group management when any changes are proposed or at least once every four years. The Board does not propose any changes to the Policy on Remuneration for Group management as approved by the 2022 EGM, which is reproduced below. The Remuneration Report, which can be found on the Company's website, describes in more detail outcomes and how decisions were taken by the Compensation Committee during 2024.

The annual variable remuneration for Group management is assessed against annual performance targets that signal and reward the strategic and operational results and behaviours expected for the year, which contribute to long-term, sustainable value creation for Orrön Energy. The performance target structure, and specific targets and weightings, are reviewed annually by the Compensation Committee to ensure that it aligns with the strategic direction and risk appetite of the Company and the performance target structure and specific targets are approved by the Board.

## Long-term incentive plan 2024

The 2024 AGM resolved to establish a long-term share-related incentive plan in the form of a share option plan for members of Group management and other employees of the Company (Employee LTIP 2024), which follows the same principles as the Employee LTIP 2022 approved by the 2022 EGM and the Employee LTIP 2023 approved by the 2023 AGM. Under the Employee LTIP 2024, participants were granted options free of charge. Each option entitles the participant to purchase shares in the Company at an exercise price of SEK 7.59. The employee options under the Employee LTIP 2024 vest on 31 May 2027 and participants will be entitled to exercise all or part of the options until 31 May 2031 (the

exercise period). During the exercise period, employees may elect to net equity settle the options as per the terms and conditions of the Employee LTIP 2024. The total number of shares available for the participants under the Employee LTIP 2024 was 5,300,000. The Board of Directors may in exceptional circumstances reduce (including reduce to zero) the allotment of options under the Employee LTIP 2024.

The Employee LTIP 2024 was introduced as part of a new holistic remuneration approach within the updated Policy on Remuneration for Group management, where base salaries and annual bonus opportunities were set below the market average and in return, the long-term incentives were designed to strongly emphasise Group management's delivery of material shareholder returns, which is appropriate for a newly formed entrepreneurial organisation focused on growth. The Employee LTIP 2024 is designed to promote business decisions that support long-term value creation and share price appreciation, rather than delivering scale and size without clear shareholder returns. As the Company operates in a business environment where renewable energy projects take a long time to mature and ultimately crystallise value, the Employee LTIP 2024 has been designed to incentivise decision making in support of this long-term value creation, which is being reflected in the length of the exercise and vesting periods. The Employee LTIP 2024 is further fully aligned with the interest of shareholders as any pay-out will require a share price increase, which is considered to be an appropriate performance criterion given the Company's current phase of development. The share price is the best measure to determine shareholder value creation, and the Employee LTIP 2024 will only deliver value to the extent that Group management are able to increase the Company's valuation. It is also challenging to find a suitable peer group at this phase of the Company's development, or other performance conditions, which would adequately assess the Company's performance against market. A performance condition focused on growth targets may not lead to share price appreciation and could in essence reward outcomes, which are not aligned with value appreciation for shareholders, in particular under current market conditions.

## Major topics addressed by Group management in 2024

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- Considering the strategy of the Company and evaluating future business opportunities under demanding market conditions.
- Considering numerous new ventures and investment opportunities.
- Negotiating and concluding transactions to add a total of 50 GWh of annual long-term proportionate power generation in the Nordics.
- Negotiating and completing the acquisition of an early-stage portfolio of wind and battery projects in Finland.
- Negotiating and completing the sale of the Leikanger hydropower plant at a value accretive price, reducing net debt significantly.
- Managing and overseeing the early stage solar, wind and battery greenfield development portfolio, including reaching the Ready-to Permit stage for the first project in the UK and launching a sales process, and completion of the first battery project in Sweden on schedule and within budget.
- Managing the creation of new revenue streams through implementation of ancillary services across various assets.
- Mitigating the impact of low pricing through implementation of voluntary curtailments across various assets.
- Negotiating the exercise of an accordion option to increase the Company's credit facility to 190 MEUR, with a subsequent reduction to 170 MEUR following the sale of the Leikanger hydropower plant.
- Strengthening cybersecurity across the business, including ensuring compliance with upcoming regulations.
- Managing the sustainability strategy of the Company, including overseeing the process to obtain Prime Status by ISS, creating a due diligence framework and achieving carbon neutrality across Scope 1 and 2 emissions.
- Overseeing HSE related work of the Company, including safe management and remediation of a fire incident at one wind turbine.
- Considering the Company's production and asset performance, business forecasts and future outlook.
- Overseeing the performance of the wider asset base of the Company and implementing monitoring systems and processes to further improve operational excellence and financial reporting.
- Managing the implementation of the Swedish Foreign Direct Investment legislation.
- Continued engagement with investors and other stakeholders.
- Considering and managing the implications of the ongoing trial in relation to past operations in Sudan, and of the legacy Indonesian tax case.

The Board therefore believes that the Employee LTIP 2024 is the best way to ensure a clear alignment between performance outcomes for both shareholders and Group management.

It is also considered that the Employee LTIP 2024 is best financed through delivery of shares allowing the Company to allocate all available capital towards growth. To minimise dilution and impact on shareholders, the net equity settlement method has been chosen to ensure that only the value created over and above the market price of the share at award is delivered, leading to a significantly lower dilution than the headline amount of options issued. As an example, assuming a scenario with an average share price growth of 10 percent per annum over seven years, the dilution to shareholders would reduce by 50 percent compared to the headline dilution.

Shares received through the Employee LTIP 2024 are further subject to certain disposal restrictions to ensure that Group management build towards a meaningful shareholding in Orrön Energy. The level of shareholding expected of each management participant is 100 percent (200 percent for the CEO) of the participant's annual gross base salary over time by retaining minimum 50 percent of exercised shares, net of tax. The CEO holds 550,000 shares in the Company and the remainder of Group management hold 180,000 shares in aggregate as per 31 March 2025.

### **Performance monitoring and review**

The Board is responsible for monitoring and reviewing on a continuous basis the work and performance of the CEO and shall carry out at least once a year a formal performance review. The Board also considered proposals regarding the compensation of the CEO and other members of Group management. Neither the CEO nor other members of Group management were present at the Board meetings when discussions regarding their compensation took place.

The tasks of the Compensation Committee also include monitoring and evaluating the general application of the Policy on Remuneration, as approved by the shareholders' meeting, and the Compensation Committee prepares a yearly Remuneration Report, for approval by the Board and the AGM, on the application of the Policy on Remuneration and the evaluation of Group management remuneration. As part of its review process, the statutory auditor of the Company also verifies on a yearly basis whether the Company has complied with the Policy on Remuneration. Both reports are available on the Company's website.

## **The following Policy on Remuneration for Group Management was approved by the 2022 EGM**

### **Application of the Policy**

This Policy on Remuneration applies to the remuneration of "Group management" at the Company, which includes (i) the Chief Executive Officer (the "CEO"), (ii) the Deputy CEO, who from time to time may be designated from one of the other members of Group management, and (iii) executives so designated by the Board. The Policy also applies to members of the Board of Directors (the "Board") of the Company where remuneration is paid for work performed outside the directorship.

The Policy is, together with previous years' Policies, available on the Company's website and it will remain available for ten years.

### **Key remuneration principles at the Company**

The Company's remuneration principles and policies are designed to ensure responsible and sustainable remuneration decisions that support the Company's strategy, shareholders' long-term interests and sustainable business practices. It is the aim of the Company to recruit, motivate and retain high calibre executives capable of achieving the objectives of the Company and to encourage and appropriately and fairly reward executives for their contributions to the Company's success.

### **Remuneration to members of the Board**

In addition to Board fees resolved by the General Meeting, remuneration as per prevailing market conditions may be paid to members of the Board for work performed outside the directorship.

### **Compensation Committee**

The Board has established a Compensation Committee to support it on matters of remuneration relating to the CEO, the Deputy CEO (if appointed), other members of Group management and other key employees of the Company. The objective of the Committee is to structure and implement remuneration principles to achieve the Company's strategy, the principal matters for consideration being:

- the review and implementation of the Company's remuneration principles for Group management, including this Policy which requires approval by the General Meeting of Shareholders;
- the remuneration of the CEO and the Deputy CEO (if appointed), as well as other members of Group management, and any other specific remuneration issues arising;
- the design of long-term incentive plans that require approval by the General Meeting of Shareholders; and
- compliance with relevant rules and regulatory provisions, such as this Policy, the Swedish Companies Act, the Swedish Corporate Governance Code and the Swedish Stock Market Self-Regulation Committee's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

**Elements of remuneration for Group management**

There are four key elements to the remuneration of Group management:

	Description, purpose and link to strategy and sustainability	Process and governance	Relative share of estimated/maximum total reward <sup>1</sup>
<b>a) Base salary</b>	<ul style="list-style-type: none"> <li>Fixed cash remuneration paid monthly. Provides predictable remuneration to aid attraction and retention of key talent.</li> </ul>	<ul style="list-style-type: none"> <li>The Committee reviews salaries every year as part of the review of total remuneration (see below for a description of the benchmarking process).</li> </ul>	30%
<b>b) Annual variable remuneration</b>	<ul style="list-style-type: none"> <li>Annual bonus is paid for performance over the financial year.</li> <li>Each position has a set expected bonus opportunity, which can be up to the equivalent of 12 months' base salary.</li> <li>Any value awarded by the Board that is more than 12 months' base salary is paid for delivering outstanding performance, subject to a maximum cap of 18 months base salary.</li> <li>Signals and rewards the strategic and operational results and behaviours expected for the year that contribute to the long-term, sustainable value creation of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>The annual review of total remuneration also considers annual bonus awards, outcomes, target structure, weightings of targets and specific target levels of performance.</li> <li>Measurable financial and non-financial performance requirements are identified according to position and responsibilities and include delivery against power generation, investment, financial, ESG and strategic targets.</li> <li>The Committee reviews the design of annual variable remuneration separately.</li> </ul>	15%
<b>c) Long-term incentive plan</b>	<ul style="list-style-type: none"> <li>Annual awards of equity-based long-term incentives, approved by the General Meeting, that align the interests of participants with those of shareholders.</li> <li>Awards may be granted with a fair value of up to 300% of base salary at award.</li> </ul>	<ul style="list-style-type: none"> <li>Annual review of total remuneration considers long-term incentive awards and outcomes.</li> <li>Group Management are required to build a significant personal shareholding of up to 100% of base salary (200% for the CEO) over time by retaining 50% of exercised shares, net of tax, until the predetermined limit for the personal shareholding has been achieved.</li> <li>The Committee reviews the design of long-term incentives separately.</li> </ul>	50%
<b>d) Benefits</b>	<ul style="list-style-type: none"> <li>Predictable benefits to help facilitate the discharge of each executive's duties, aiding the attraction and retention of key talent.</li> </ul>	<ul style="list-style-type: none"> <li>The Committee reviews benefits and contractual terms regularly to ensure that the Company does not fall behind the market.</li> <li>Benefits are set with reference to external market practices, internal practices, position and relevant reference remuneration.</li> </ul>	5%
<b>Total</b>			100%

<sup>1</sup> Estimated reward shows the percentage of total reward where proportions are estimated assuming 50 per cent of maximum annual bonus and the fair value of the long-term incentive without any further share price or dividend effect. Different actual awards and the variable nature of incentives means that the actual proportions for an individual may be different.

When the Committee makes decisions, including determining, reviewing and implementing the Policy, it follows a process where:

- the Board sets and reviews the terms of reference of the Committee;
- the Chair of the Committee approves the Committee's agenda;
- the Committee considers any reports, data and presentations and debates any proposal. In its considerations the Committee will give due regard to the Company's situation, the general and industry specific remuneration environment, the remuneration and terms of employment of the broader employee population, feedback from different stakeholders, relevant codes, regulations and guidelines published from time to time;
- the Committee may request the advice and assistance of management representatives, other internal expertise and of external advisors. However, it shall ensure that there is no conflict of interest regarding other assignments that any such advisors may have for the Company and Group management;
- the Committee ensures through a requirement to notify and recuse oneself that no individual with a conflict of interest will take part in a remuneration decision that may compromise such a decision;
- once the Committee is satisfied that it has been properly and sufficiently informed, it will make its decisions and, where required, formulate proposals for approval by the Board; and
- the Board will consider any items for approval or proposals from the Committee and, following its own discussions, make decisions, proposals for a General Meeting of Shareholders and/or further requests for the Committee to deliberate on.

### Review and benchmarking

The Committee undertakes reviews of the Company's remuneration policies and practices considering the total remuneration of each executive as well as the individual components. Levels are set considering:

- the total remuneration opportunity;
- the external pay market;
- the scope and responsibilities of the position;
- the skills, experience and performance of the individual;
- the Company's performance, affordability of reward and general market conditions; and
- levels and increases in remuneration, as well as other terms of employment, for other positions within the Company.

External benchmarks for total remuneration are acquired when the Committee considers it necessary, consisting of one or more sets of companies that compete with the Company for talent, taking into consideration factors like size, complexity, geography and business profile when determining such peer groups.

### Variable remuneration

The Company considers that variable remuneration forms important parts of executives' remuneration packages, where associated performance targets reflect the key drivers for pursuing the Company's strategy, and to achieve sustainable value creation and growth in long-term shareholder value. The Committee ensures that performance and design align with the strategic direction and risk appetite of the Company before incentives are approved by the Board.

There is no deferral of incentive payments, however, the Board can recover annual bonuses paid in the unlikely event of outcomes based on information which is subsequently proven to have been manifestly misstated. The Board can also in exceptional circumstances reduce long-term incentive awards, including reducing them to zero, should it consider the vesting outcome to incorrectly reflect the true performance of the Company.

### Benefits

Benefits provided shall be based on market terms and shall facilitate the discharge of each executive's duties. The pension provision is the main benefit and follows the local practice of the geography where the individual is based. The pension benefits consist of a basic defined contribution pension plan, where the employer provides 60 per cent and the employee 40 per cent of an annual contribution of up to 18 per cent of the capped pensionable salary and, at the Board's discretion, a supplemental defined contribution pension plan where the employer provides 60 per cent and the employee 40 per cent of a contribution up to 14 per cent of the capped pensionable salary.

### Severance arrangements

Executives have rolling contracts where mutual notice periods of up to twelve months apply between the Company and the executive. In addition, severance terms are incorporated into the employment contracts for executives that give rise to compensation in the event of termination of employment due to a change of control of the Company. Such compensation, together with applicable notice periods, shall not exceed 24 months' base salary.

The Board is further authorised, in individual cases, to approve severance arrangements, in addition to the notice periods and the severance arrangements in respect of a change of control of the Company, where employment is terminated by the Company without cause, or otherwise in circumstances at the discretion of the Board. Such severance arrangements may provide for the payment of up to 12 months' base salary.

In all circumstances, severance payments in aggregate (i.e. for notice periods and severance arrangements) shall be limited to a maximum of 24 months' base salary

## Internal control over financial reporting

The purpose of internal control over financial reporting is to provide assurance with regards to the reliability of the external financial reporting and to ensure that the financial reporting is produced in accordance with generally accepted accounting principles, applicable legislation and with other requirements imposed on listed companies.

The Board has overall responsibility for establishing and monitoring an effective system for internal control. The CEO is responsible for ensuring that both a process and an adequate organisation are in place to safeguard internal control and the quality of the internal and external financial reporting. The purpose of this report is to provide shareholders and other parties with an understanding of how internal control is organised at Orrön Energy.

Orrön Energy's system for internal control over financial reporting is based on the Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The five components of this framework are control environment, risk assessment, control activities, information and communication and monitoring activities.

The Board has assessed the need for establishing an internal audit function but concluded that the control environment and the control activities carried out by the Company, the Board and the Audit Committee are sufficient to ensure adequate internal control over financial reporting.

### Control environment

The control environment is the foundation of Orrön Energy's system for internal control and is defined by the Company's policies and procedures, guidelines and codes as well as its responsibility and authority structure. In the area of control activities, Orrön Energy has documented all critical, financial processes and controls in the Group. The business culture established within the Group is also fundamental to ensure highest level of ethics, morals and integrity.

### Risk assessment

Risks relating to financial reporting are evaluated and monitored by the Board through the Audit Committee. The Group's risk assessment process is used as a means to monitor that risks are managed and consists in identifying and evaluating risks and also determining the potential impact on the financial reporting. Regular reviews on local level as well as on Group level are made to assess any changes made in the Group that may affect internal control.

### Control activities

Control activities range from high level reviews of financial results in management meetings to detailed reconciliation of accounts and day to day review and authorisation of payments. The monthly review and analysis of the financial reporting made on Company level and Group level are important control activities performed to ensure that the financial reporting does not contain any significant errors and also to prevent fraud.

### Information and communication

Orrön Energy has processes in place aiming to ensure effective and correct information in regards to financial reporting, both internally within the organisation as well as externally to the public to meet the requirements for a listed company. All information regarding the Company's policies, procedures and guidelines is available to the Group's employees and any updates and changes to reporting and accounting policies are issued via email and at regular finance meetings. In addition, the Information Policy ensures that the public is provided with accurate, reliable, and relevant information concerning the Group and its financial position at the right time.

### Monitoring

Follow-up, improvements and the development of systems, processes and controls take place on an ongoing basis. Continuous monitoring of control activities is made at different levels of the organisation and involves both formal and informal procedures performed by management, process owners or control owners.