



**Prosafe**

# CORPORATE GOVERNANCE REPORT 2022

Prosafe SE is committed to ensuring that high standards of corporate governance are maintained to ensure the greatest possible value creation over time in the best interests of shareholders, employees and other stakeholders.

Prosafe SE is a European public company (Societas Europaea) listed on the Oslo Stock Exchange. The corporate governance framework forms the basis for a transparent business model with a clear segregation of roles, responsibilities and accountabilities between shareholders, the Board of Directors and executive management. Corporate governance in the company follows the principles contained in the Norwegian Code of Practice for Corporate Governance in its latest version of 14 October 2021 (the “Code of Practice”).

## 1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

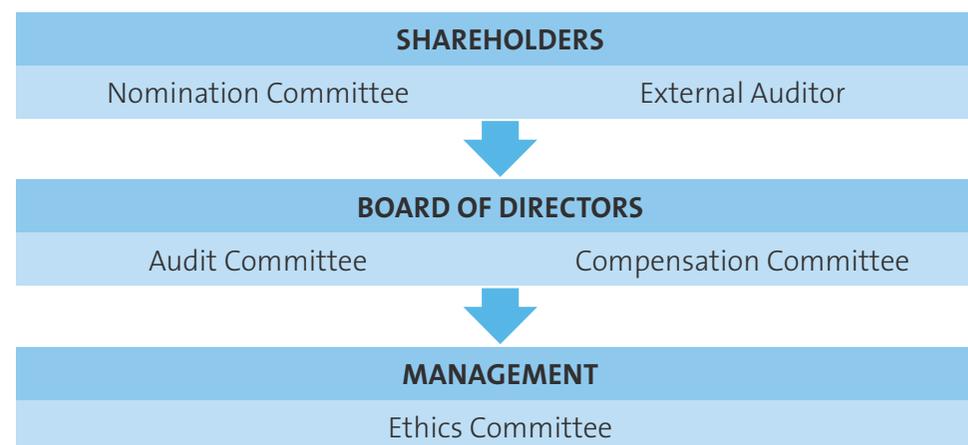
This report on Corporate Governance accounts for the company’s corporate governance principles and practices as required by the Accounting Act Section 3-3b and how Prosafe complies with the Code of Practice. Application of the Code of Practice is based on the “comply or explain” principle, which stipulates that any deviations from the Code should be explained. In the company’s own assessment, Prosafe did not deviate from any sections of the Code of Practice at year-end 2022.

The Code of Practice covers 15 topics which are designed to ensure that the division of roles between shareholders, the Board of Directors (“the Board”) and the company’s executive management is regulated in a way that strengthens confidence among shareholders, employees, the capital market and other interested parties to ensure control and compliance, equal treatment of shareholders and maximum value creation over time.

The company’s Corporate Governance Report covers every section of the Code of Practice and is included in the annual report and published on Prosafe’s website at <https://www.prosafe.com/investor-information/corporate-governance/>

### GOVERNANCE STRUCTURE

Prosafe’s governance structure is set out below.



## 2. THE BUSINESS

Prosafe’s business is defined in Article 3 of the company’s Articles of Association:

*Prosafe SE shall own and operate vessels and other offshore tonnage, related to oil and gas activities, as well as conduct any activity related to ownership and operation related to this. Prosafe SE may invest in companies within the same or other sectors.*

The Board of Directors has established objectives, strategies, and a risk profile for the business within the scope of the definition of its business to create value for its shareholders in a sustainable manner, considering economic, social and environmental considerations. The company’s objectives, strategies and

risk profile are subject to at least an annual review by the Board. The reviews are supplemented by ongoing dialogue between the Board and executive management, monthly reporting and ad hoc weekly reporting and updates of all significant matters.

### 3. EQUITY AND DIVIDENDS

#### Equity and capital structure

Prosafe's consolidated shareholders' equity as at 31 December 2022 amounted to USD 37.3 million (2021: USD 36.3 million), equivalent to 7.5 per cent (2021: 7.4 per cent) of the Group's total assets.

#### Dividend policy

Prosafe's longer term ambition is that its shareholders receive a competitive return on their investment in the company through a combination of share price appreciation and a direct return in the form of dividends.

The company has not paid dividends since 2015. Under the latest amended and restated loan agreements, following the restructuring in December 2021, dividends may only be paid after obtaining prior written consent of two-thirds of the lenders.

#### Board authorisations

Mandates and authorities for different purposes such as increase of share capital or share buy-backs are considered separately at each annual general meeting ("AGM") and are generally limited in time and valid to the date of the next AGM. As at 31 December 2022, the Board held no mandates for share capital increases or share buy-backs.

In January 2022, the company executed a reverse share split whereby 1,000 shares became 1 share. No equity buy-backs or share issues were executed during the year.

### 4. EQUAL TREATMENT OF SHAREHOLDERS

#### Pre-emption rights to subscribe

Should the Board wish to propose that the AGM departs from the pre-emptive right of existing shareholders relating to any capital increase, such a proposal will be justified by the common interest of the company and the shareholders, and the reasons for the proposal will be presented in the notice of the AGM as well as publicly disclosed in a separate stock exchange announcement.

#### Trading in own shares

In the event of a share buy-back programme, the Board of Directors will aim to ensure that all transactions are carried out either through the trading system or at prevailing prices at the Oslo Stock Exchange. In the event of such programme, the Board of Directors will take the company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the company's shares, the company shall consider other ways to ensure equal treatment of all shareholders.



## 5. SHARES AND NEGOTIABILITY

Prosafe has one class of shares in issue and all shares are equal in all respects. The shares are freely transferrable on the Oslo Stock Exchange. The company's Articles of Association place no limitations on voting or restrictions or on any party's ability to own, trade or vote for shares in the company.

## 6. GENERAL MEETINGS

The Board of Directors will make its best effort to facilitate that as many shareholders as possible may attend and exercise their right to speak and vote at general meetings, thereby making the general meeting an effective forum for the views of shareholders and the Board. Shareholders holding at least 5 per cent of the issued and voting shares are entitled to submit matters for inclusion on the agenda of a general meeting. An extraordinary general meeting (EGM) can be called by the Board of Directors if deemed necessary or be requested by the company's auditor or shareholders representing at least 5% of the company's share capital.

Written notice of an AGM and a meeting calling for adoption of a special resolution is sent out not later than twenty-one days before the scheduled meeting unless special notice is required by law. The resolutions and supporting information are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting. Both these and any recommendations of the Nomination Committee enabling shareholders to take an informed position on all matters to be discussed are made available within the relevant timeframe on the company's website.

Shareholders wishing to attend the general meeting, either in person or online, must notify the company of this intention before the deadline stipulated in the notice. The Board aims to facilitate the attendance of as many shareholders as possible. As stipulated in Prosafe's Articles of Association, shareholders intending to participate in the general meeting shall notify the company of this no later than two days prior to the general meeting.

The Chairman (or in exceptional circumstances, another member of the Board), the auditor and the Chairman of the Nomination Committee attend the AGM. Prosafe wishes to facilitate a dialogue with shareholders at the general meeting, and therefore encourages all Board members to attend. The Chairman normally chairs the general meetings and the Board ensures that the general meeting is able to appoint an independent chairman.

Prosafe prepares proxy forms and conducts the voting arrangements at the meeting in a form and manner which allows shareholders to vote separately on each matter to be considered by the meeting and for each of the candidates nominated for election.

The 2022 AGM was held on 11 May 2022 with 59.22 per cent of the share capital represented.

## 7. NOMINATION COMMITTEE

The Nomination Committee is governed by the Articles of Association's section 8. The AGM on 11 May 2022, re-elected the following two members for the Nomination Committee for a period of one year: Thomas Raaschou (Chair) and Annette Malm Justad. The committee members are independent of the Board of Directors and executive management.

The general meeting stipulates the guidelines for the duties of the committee and determines the committees' remuneration. The current instructions were revised in 2019 and approved by the AGM.

The Nomination Committee submits its recommendations to the general meeting for election of and compensation to members of the Board of Directors, in addition to members of the Nomination Committee. Each proposal is justified on an individual basis. All shareholders may nominate candidates to the Board. Relevant deadlines for submitting proposals for candidates to be appointed to the Board or the Nomination Committee are published on the company's website in due time before the AGM takes place.

The Nomination Committee held twelve meetings in 2022. Average meeting attendance was 100 per cent.

Name	Role	Date first time appointed	Date due for re-election	Meeting attendance (%)
Thomas Raaschou	Chair	May 2011	May 2023	100
Annette Malm Justad	Member	May 2016	May 2023	100

## 8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the articles of association section 5, the company's Board of Directors shall consist of three to seven members. On 31 December 2022, the Board consisted of five members as described in the table below. The directors are appointed for one year and all directors may be re-elected in 2023. The general meeting appoints the Chairman of the Board. At the AGM on 11 May 2022, Halvard Idland was elected as a new member of the Board. The remaining four members were re-elected.

The Board held 15 Board meetings in 2022. Average meeting attendance was 98.5 per cent.

Name	Role	Date first time appointed	Date due for re-election	Meeting attendance (%)
Glen Ole Rødland	Chairman	March 2016	May 2023	100
	Deputy			
Alf C. Thorkildsen	Chairman*	May 2020	May 2023	100
Birgit Aagaard-Svendsen	Director	March 2017	May 2023	93.3
Nina Udnes Tronstad	Director	May 2019	May 2023	100
Halvard Idland	Director	May 2022	May 2023	100

\*Alf C. Thorkildsen was appointed Deputy Chairman in February 2022

The Board members are independent of the company's executive personnel and material business contacts and save for Alf C. Thorkildsen also independent of the company's main shareholders.

The directors have been appointed to ensure that a broad base of appropriate expertise, capacity and diversity is reflected on the Board. Working constructively together with its committees' and the company's administration, the Board oversees the strategic direction, targets, reporting, management and control of the company.

Directors are encouraged to own shares in the company. Information about each director, their experience and shareholding is available on Prosafe's website.

## 9. THE WORK OF THE BOARD OF DIRECTORS ("THE BOARD")

### The duties of the Board

The Board of Directors is responsible for the overall management of the company and supervision of day-to-day management and the company's business activities, including organisation, strategy, planning, reporting, and establishing of control systems. This includes regulation of the duties of the Board of Directors and the Chief Executive Officer (CEO), the division of work between the Board of Directors and the CEO, the annual plan for the Board of Directors, notices of Board proceedings, administrative procedures, minutes, Board committees, transactions between the company and the shareholders and confidentiality. The Board of Directors has an annual plan for its work which is revised at regular intervals.

### Agreements with related parties

Any transactions, agreements or arrangements between the company's shareholders, members of the Board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall, where relevant, comply with the procedures set out in the Norwegian Public Limited Liability Companies Act and the Norwegian Code of Practice for Corporate Governance.

The Board shall arrange for a valuation to be obtained from an independent third party for transactions with related parties, including agreements that are considered immaterial. The Board's annual directors' report shall provide information about any transactions with related parties. The Board will when required or otherwise deemed appropriate arrange for a valuation to be obtained from an independent third party.

Board members shall immediately notify the Board and members of the executive management team shall immediately notify the CEO (who, where relevant, will notify the Board) if they have any material direct or indirect interest in any transaction entered into by the company. For information regarding related party transactions, see note 21 of the consolidated accounts.

### **Instructions for the Board**

Prosafe's Board Instructions give an overview of function, duties and responsibility of the Board, including procedures for Board meetings. The Board shall determine the vision, values and long-term objectives of the company. The Board shall also contribute with external expertise and experience to the company's management.

The Board has adopted instructions for management specifying their respective duties, authority and responsibilities in relation to the business. The CEO has a particular responsibility for ensuring that the Board receives precise, relevant and timely information enabling it to discharge its duties.

Scheduled Board meetings are normally held six to eight times a year, but the work schedule is flexible and otherwise adaptable to take into account relevant commercial, operational and strategic circumstances. Internal segregation of responsibilities and duties between the Board and management is established in several corporate documents including corporate policies and procedures, approval matrices and delegated authorities, Board approvals for budgets and forecasts and specific investments, and the grant of specific powers of attorney in respect of particular transactions.

The Chairman has a particular responsibility for ensuring that the Board's work is well organised and efficiently conducted. The Chairman of the Board encourages an open and constructive debate within the Board and with management.

### **The Board's evaluation of its own work**

The Board undertakes an annual assessment of its own performance and expertise, working methods, composition and the manner in which the directors function, both individually and collectively, in relation to the goals set for their work. In this context, the Board also assesses itself in relation to corporate governance. The assessment is made available to the Nomination Committee as a tool for continuous improvement.

### **Conflicts of interest and disqualification**

The Board has implemented various policies and procedures to avoid conflicts of interest between directors, executive management, their close associates and external third parties with whom the company collaborates.

Members of the Board and executive management cannot consider items in which they have a special and prominent interest, cf. the rules on disqualification in the Public Companies Act.

Directors and executive personnel must notify the Board if they have any material direct or indirect personal interest in any agreement concluded by the group. Neither the Board members nor the CEO shall participate in the preparation, deliberation, or resolution by the Board of any matters that are of such special importance to themselves or any of their related parties that the person in question is deemed to have a prominent personal or financial interest in these matters. The relevant Board member or the CEO shall raise the issue of his or her independence whenever there may be cause to question it and is the primary responsible for adopting the correct decision as to whether he or she should step down from participating in the discussion of the matter at hand.

Throughout the year, no potential conflicts of interest have been declared by any members of the Board or of Executive Management. In the event of any potential conflict of interest, appropriate action will be taken to protect against such potential conflicts which includes for example the individual not participating in the relevant part of the Board meeting and/or abstaining from voting on the relevant matter.

## Audit Committee

The Audit Committee is a sub-committee of the Board of Directors, and acts as a preparatory body in connection with the Board's supervisory roles with respect to financial reporting and the effectiveness of the company's internal control system. It also attends to other tasks assigned to it in accordance with the instructions for the Audit Committee adopted by the Board of Directors. At 31 December 2022, the Audit Committee comprised Board members Birgit Aagaard-Svendsen (Chair) and Halvard Idland. Both are considered independent of the company and have relevant skills and experience within accounting or auditing.

The Committee operates based on a generic annual plan and undertakes an examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management and internal controls, monitors the financial reporting process and prepares the Board's follow up on such issues. The Audit Committee is tasked from time to time with the carrying out of special investigations designed to assess the overall risk management system within the Group.

The Audit Committee meets six to eight times a year and holds closed sessions with the appointed auditor on at least an annual basis without the company's management being present. The appointed auditor participates at all Audit Committee meetings.

The Audit Committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

The Audit Committee held six meetings in 2022. Average meeting attendance was 100 per cent.

Name	Role	Date first time appointed	Date due for re-election	Meeting attendance (%)
Birgit Aagaard-Svendsen	Chair	May 2017	May 2023	100
			Resigned	
Glen O. Rødland	Member	May 2020	May 2022	100
Halvard Idland	Member	May 2022	May 2023	100



## Compensation Committee

The Compensation Committee is a sub-committee of the Board and its objective is to act as a preparatory body for the Board's work relating to employment terms and performance review for the CEO as well as strategy and principles for remuneration of executive management. The Compensation Committee operates based on a generic annual plan. At 31 December 2022, the committee comprised of Board members Nina Udnes Tronstad (chair) and Alf C. Thorkildsen, who are both independent of the company's executive management.

The Compensation Committee held six meetings in 2022. Average meeting attendance was 100 per cent.

Name	Role	Date first time appointed	Date due for re-election	Meeting attendance (%)
Nina Udnes Tronstad	Chair	May 2019	May 2023	100
Alf C. Thorkildsen	Member	May 2020	May 2023	100

## 10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for ensuring that sound internal control and risk management systems, that are appropriate for the extent and nature of the company's activities, are in place. The Board conducts an annual review of all risk areas and the internal control procedures.

Prosafe categorises its primary risks under the following headings: strategic, commercial, operational, compliance and legal, financial, climate and IT/Cyber-security related. The Board and senior officers manage these risks through continuous assessments, reporting and periodic reviews in management and Board meetings, and as part of the rolling strategy and planning processes. These risks and associated sensitivities as well as internal control measures are described in more detail at <https://www.prosafe.com/investor-information/corporate-governance/risk-management/> and in a separate Risk Management Policy.

The risk management methodology applied by management and the Board is in accordance with industry and market practices generally and as implemented in Prosafe over several years.

The Audit Committee assesses the integrity of Prosafe's accounts and follows up on behalf of the Board on issues related to financial review and external audit of Prosafe's accounts. Furthermore, the Board and the Audit Committee supervise and verify that effective internal control systems are in place, including systems for risk management and financial reporting, and satisfactory routines for following up adherence to the company's ethical guidelines.

Management maintains a risk and opportunity register that includes all risks of material significance for the company. This register is reviewed regularly in Board meetings and is followed up by management and the Board in the form of strategies and mitigating actions. The Board conducts also an annual review of all risk areas and the internal control system.

All significant tenders and projects are reviewed by the company's Bid Committee. The scope of the reviews includes all aspects which may impact the financial results and good reputation of Prosafe. The Bid Committee acts to safeguard and support tender processes to ensure client tenders have an acceptable balance between risk and reward, and that awarded projects are driving risk mitigating measures in order to meet quality, delivery and financial targets. The committee has an advisory role towards the tender and subsequent project teams within authorities provided by the Board.

## 11. REMUNERATION OF THE BOARD

The AGM resolves directors' fees based on the recommendation from the Nomination Committee. The remuneration of the Board reflects its responsibilities, expertise, time commitment and the complexity of the business.

The remuneration of the Board is not linked to the company's performance and none of the current Board directors have a pension scheme or agreement concerning pay after termination of their office nor have they received any share options.

	<b>Chair</b>	<b>Deputy Chair</b>	<b>Directors</b>
Board	USD 110,000	USD 84,000	USD 68,000

In addition, a fee of USD 1,500 is payable to directors, Board Committee members and Board representatives to the Nomination Committee attending Board or Committee meetings held away from their home country.

Information relating to the total remuneration to the Board for 2022 is set out in note 6 of the consolidated accounts.

The fees payable to the members of the Board Committees are as follows:

<b>Committee</b>	<b>Chair</b>	<b>Members and Board representatives</b>	<b>Other</b>
Nomination Committee	USD 7,500	USD 5,000	Additional USD 850 per meeting
Compensation Committee	USD 15,000	USD 10,000	N/A
Audit Committee	USD 20,000	USD 10,000	N/A

Based on the need for directors to be independent of the company's executive personnel, none of the directors has any specific assignments for Prosafe beyond their role as director.

## 12. REMUNERATION OF EXECUTIVE PERSONNEL

The Board determines the terms of employment of the CEO and executive management and has prepared guidelines for salary and other remuneration which are clear and easily understandable and contributes to the company's commercial strategy, long-term interest and financial viability.

Remuneration for executive management comprises three principal elements, base pay, variable pay and other benefits such as pension to ensure convergence of the interests of executive management and shareholders. Prosafe aims to provide a competitive total remuneration to attract and retain senior executives with the desired skills and experience.

The variable pay of executive management is performance related and cannot exceed the executive's gross annual salary for the same calendar year. The amount paid to an executive under the short-term incentive program and long-term incentive program combined cannot exceed five times his/her annual fixed cash remuneration in the relevant year. The variable pay is linked to the operations and development of the company and aligned with the Prosafe's strategy, ethical guidelines and values to support sustainable value creation for shareholders.

The Executive Remuneration Policy and the Board's Report on Executive Remuneration were presented to and adopted by the AGM in 2022. The report was presented for a consultative vote, except for the part regarding guidelines for share-based remuneration or remuneration linked to the company's share price development which were subject to a separate vote. For further details relating to remuneration paid to executive management, see note 6 of the consolidated accounts and the Executive Remuneration Policy and the Board's Report on Executive Remuneration attached to the 2022 AGM notice.

## 13. INFORMATION AND COMMUNICATION

Prosafe has adopted an investor relations policy which covers guidelines for the company's contact with shareholders and the financial community. In order to ensure equal treatment of shareholders for the purpose of creating a good basis for a fair and correct pricing of the company's financial instruments, Prosafe aims to provide clear, up-to-date and timely financial and other information about the company's operations to the financial market. This shall take place through the timely distribution of price-sensitive information to the market, at all times handled in compliance with applicable market rules and practices.

Prosafe publishes interim reports and presentations on a quarterly basis. Investor presentations in the form of audiocast or webcast are held in connection with the reporting of annual and interim results to give an overview of operational and financial developments. An ongoing dialogue is otherwise maintained with analysts and investors. All information distributed to the company's shareholders is published in English on the company's website at the same time as it is sent to the Oslo Stock Exchange and [www.newsweb.no](http://www.newsweb.no).

## 14. TAKE-OVERS

There are no defence mechanisms against take-over bids in Prosafe's Articles of Association, nor have any other measures been implemented to specifically hinder acquisitions of shares in the company. The Board has not established written guiding principles for how it will act in the event of a take-over bid, as such situations normally are specific and one-off by nature, which make a guideline challenging to prepare.

If an offer is made for the company's shares, the Board will ensure that all shareholders are treated equally and seek to ensure that the company's activities are not unnecessarily interrupted. The Board will act in the best interest of shareholders and ensure that they have sufficient information and time to assess the offer. The Board will prior to the expiry of the offer period, issue a statement evaluating the offer and make a recommendation as to whether shareholders should or should not accept the offer. In such a situation, Prosafe will act in accordance with the applicable principles for good corporate governance.

## 15. AUDITOR

The company's external auditor is KPMG AS. The auditor is appointed by the general meeting and is independent of Prosafe SE.

Each year, the auditor presents the audit plan for the company to the Audit Committee. The auditor also meets with the full Board at least once a year in connection with the preparation of the annual financial statements and a review of the financial reporting and internal control procedures, including weaknesses identified by the auditor and proposals for improvement. At least once a year, the independent auditor meets with the Board without the presence of any member of executive management.

The Audit Committee supports the Board in the administration and exercise of its responsibility for supervision of the auditor's work, who shall keep the Board informed of all aspects of its work for Prosafe.

The auditor attends all Audit Committee meetings.

Company policies govern the use of the auditor's services. Use of the auditor for services other than the audit of Prosafe requires approval by the Audit Committee.

The remuneration of the auditor is approved by the AGM. Fees for audit work and other services are reported by the Board to the General Meeting. For more details, see note 7 of the consolidated accounts.

28 March 2023

### The Board of Directors of Prosafe SE

(original signed)

**Glen Ole Rødland**

Non-executive Chairman

**Alf C. Thorkildsen**

Non-executive Deputy Chairman

**Birgit Aagaard-Svensen**

Non-executive Director

**Nina Udnes Tronstad**

Non-executive Director

**Halvard Idland**

Non-executive Director

**Jesper K. Andresen**

Chief Executive Officer



[www.prosafe.com](http://www.prosafe.com)

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