

Corporate Governance report 2022

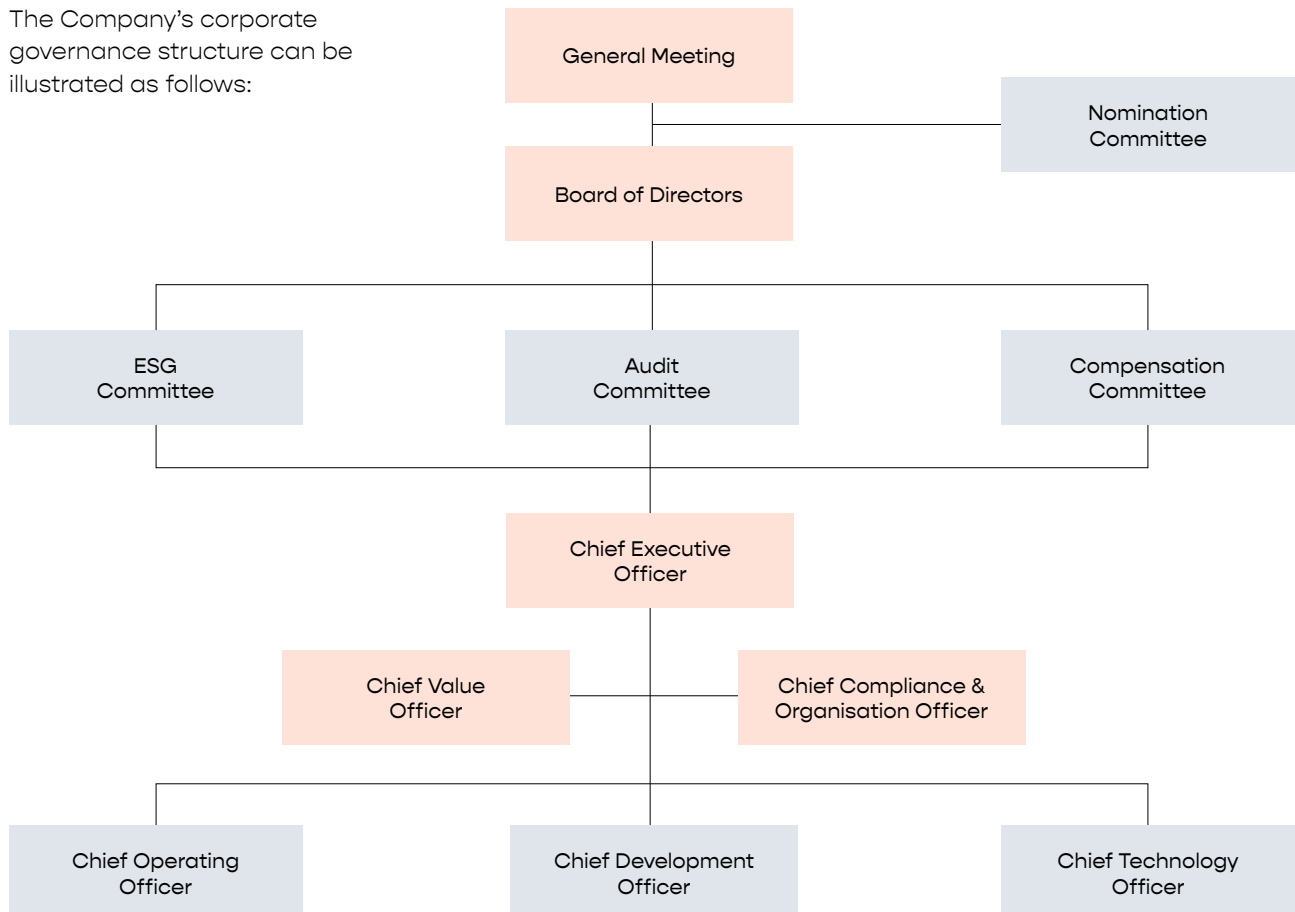
1. Implementation and reporting on corporate governance

This report has been prepared by the Board of Directors of Cloudberry Clean Energy ASA (“Cloudberry” or the “Company”) and presents the corporate governance of the Company. Cloudberry is incorporated and registered in Norway and is subject to Norwegian law. The Company is listed on Oslo Stock Exchange. Cloudberry considers good corporate governance to be the foundation for value creation and trustworthiness, and it is integrated in our approach to sustainability where we focus on environmental, social and governance topics (ESG).

As a public limited liability company listed on Oslo Stock Exchange, the Company must comply with the Norwegian Securities Trading Act and Regulation, the Issuer Rules for Companies Listed on Oslo Stock Exchange, the Norwegian Public Limited Liability Companies Act, and all other applicable laws and regulations.

Further, Cloudberry endorses the Norwegian Code of Practice for Corporate Governance (the “Corporate Governance Code”), last revised on 14 October 2021, which is available at the web site of the Norwegian Corporate Governance Board

The Company’s corporate governance structure can be illustrated as follows:



www.nues.no. Deviations from the Corporate Governance Code must be justified and explained. In this report, deviations are discussed under the relevant sections. As a general rule, the Board will only approve deviations the Board believes are in the best interest of the Company and its stakeholders.

To secure strong and sustainable corporate governance, it is essential that Cloudberry practices a transparent and healthy business with reliable financial reporting compliant with legislation and regulations. Governing structures and guidelines help Cloudberry to ensure that the Company is operating in a manner that is justifiable and profitable for the employees, shareholders, partners, other stakeholders and the society. References to specific policies are included in this corporate governance report where relevant. Cloudberry's corporate governance is based on openness, trustful communication and cooperation between the Company and all its stakeholders, and the principle of equal treatment of shareholders.

The report also outlines the Company's policies and practices for corporate governance, in accordance with Section 3-3b of the Norwegian Accounting Act.

The Company's executive management team consists of six members: Chief Executive Officer, Chief Value Officer, Chief Compliance & Organisation Officer, Chief Operating Officer, Chief Development Officer and Chief Technology Officer and together the team covers the value chain's processes.

The Company's Chief Executive Officer oversees the daily conduct of business, including the effectuation, implementation and follow-up of the objectives and strategies set by the Board of Directors. Chief Executive Officer supervises that Cloudberry's accounts are in accordance with laws and regulations and provides the Board of Directors with the necessary information to carry out its administration and supervision tasks in a proper manner.

2. Business

Cloudberry is a Nordic renewable energy company owning, developing and operating renewable energy assets such as hydropower plants and wind farms in Norway and Sweden. The Company has also acquired a portfolio of up to 51 wind turbines mainly in Denmark, which will be implemented in the organisation during 2023.

Cloudberry's operations comply with the objective defined in Section 3 of the Company's articles of association ("Articles of Association") which states that "the company's purpose as the parent company of a group is to engage in investment activities in the energy sector, including developing and operating the production of renewable energy and activities naturally connected with this".

Cloudberry's purpose is "to provide clean renewable energy for future generations, developing a sustainable society for the long term and creating value for stakeholders". The Company's corporate strategy is to deliver on this purpose, with targets to align strategy execution across the group for the long term.

Cloudberry's success factor is its continuous ability to grow and mature an in-house development portfolio and scanning for attractive and strategic acquisitions and growth opportunities. The Company has a solid development track record and a large production portfolio with both hydro and wind assets.

Cloudberry's integrated business model is based on a partnering model for construction, operations and maintenance to ensure risk-sharing, quality, cost and capital efficiency across the value chain. A sustainable and local approach is distinctive for our ownership, development and operations and going hand in hand with a commitment to long-term value creation for all stakeholders. Power produced and transferred to the transmission and distribution network equals our sales volume. Cloudberry's revenue streams are predominantly determined by power sales volume and actual power price achieved in the spot market (Nord Pool). Over time, Cloudberry seeks a balanced mix between spot pricing and long-term fixed purchase price agreements (PPAs). Cloudberry cultivates our portfolio to ensure a diversification and balance of risk, returns, asset- and geographical mix.

Cloudberry considers ESG related factors relevant and important when making business decisions, and the Board of Directors identifies and assesses which aspects of sustainability are relevant to the Company. Cloudberry builds robustness through a diversified and balanced portfolio and uses competitive financing to deliver sustainable, profitable and long-term growth.

Cloudberry has defined its purpose, and the values and commitments define the Company's way of working. In combination with the Company's culture, this forms the fundamental structure on which the Board and the Management believe Cloudberry should be managed. Cloudberry's value-based culture is the key premise for the behaviour of the Company and the Company's employees. The core values are: Be Supportive, Be Committed, Be Excellent, and Be Bold. Cloudberry aims to always maintain high ethical standards, and the employees must comply to its guidelines for ethics and corporate social responsibility describing the principles for business practices and personal behaviour within Cloudberry. The employees must comply with Cloudberry's principles on issues such as human and labour rights, health and safety, business ethics, legal compliance, insider trading, whistleblowing and other relevant issues related to the Company's operations and adhere to the Company's Code of Conduct.

Sustainability is a rapidly developing field, and ensuring sustainable business operations is an ongoing process. Cloudberry follows the developments and changes in reporting standards closely, in addition to new demands due to growth and changes in the Company. In line with this, Cloudberry decided in 2022 to look to the European Sustainability Reporting Standards (ESRS) requirements, set by the Corporate Sustainability Reporting Directive (CSRD), rather than the World Economic Forum (WEF) Stakeholder Capitalism reporting framework. The ESRS standards are based on the Environment, Social, and Governance (ESG) structure.

Cloudberry has described its approach, activities taken place in 2022, ambitions and way forward related to the identified sustainability topics for the Company in the Sustainability report for 2022.

Deviations from Section 2 of the Corporate Governance Code: None

3. Equity and dividends

Capital adequacy

The Company's management and Board of Directors monitor the Company's capital structure on a continuous basis, including equity and liquidity, to ensure that the level of equity and liquidity, are appropriate for the Company's objectives, strategy and risk

profile. As of 31 December 2022, Cloudberry's equity amounted to NOK 3 794 million, equivalent to 82% of the company's total assets. The debt ratio was 18%.

Cash equivalents and current financial investments amounted to NOK 1 538 million.

Dividend policy

The Company has adopted a dividend policy which mandates that the Company in the short to medium term intends to use its profit for both organic growth and acquisitions and consequently will not make payment of dividend.

The Company's long-term objective is to pay shareholders consistent and growing cash dividends. Over time, the intention is to pay its Shareholders dividends representing 30 – 50% of free cash distributed from the producing power plant companies. However, there can be no assurance that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the policy.

Any future dividend proposed by the Board will be presented to the general meeting for approval. The Company does not hold any authorisation to resolve dividend distributions.

Authorisations to the Board of Directors to purchase treasury shares and increase the share capital

The Company's annual General Meeting held 28 April 2022, granted the Board of Directors the following authorisations to increase the Company's share capital:

- Authorisation to increase the company's share capital by up to NOK 14,920,524.94 by issuance of up to 59,682,171 new shares each with a nominal value of NOK 0.25. The purpose with the authorisation was to ensure flexibility to finance potential acquisitions and otherwise strengthen the company's equity. NOK 13,136,980.75 of the authorisation has been utilised.
- Authorisation to increase the company's share capital by NOK 100,000.00 by issuance of up to 400,000 new shares each with a nominal value of NOK 0.25. The authorisation is reserved to the share purchase programme for the members of the Board of Directors. NOK 5,823.75 has been utilised.

As the Company is in a growth phase, the Board of Directors will generally propose that the General Meeting grants the Board of Directors an authorization to increase the share capital with up to 25% of the share capital. Such authorisations will be reserved for use in relation to financing of strategic growth opportunities and will only be valid until the earliest of (i) the next annual General Meeting or (ii) 30 June the next year.

The Board of Directors currently holds no authorisation to purchase treasury shares.

Deviations from Section 3 of the Corporate Governance Code: None

4. Equal treatment of shareholders

Cloudberry has one share class and each share in the Company carries one vote at the Company's general meeting. All shares carry equal rights, including the right to participate in general meetings.

The Company's shareholders have pre-emption rights in share offerings according to the Public Limited Liability Companies Act. Such pre-emption rights may however be set aside, either by the General Meeting or by the Board of Directors if the General Meeting has granted a Board authorisation which allows this.

Any resolution proposed by the Board to set aside pre-emption rights will be objectively justifiable taking into consideration the common interests of the Company and its shareholders, and the basis for such deviation will be publicly disclosed through a stock exchange notice from the Company.

Deviations from Section 4 of the Corporate Governance Code: None

5. Shares and negotiability

The Company's shares are listed on Oslo Stock Exchange and are freely transferable. The Company's Articles of Association do not place any restrictions on owning, trading or voting for shares in the Company.

Deviations from Section 5 of the Corporate Governance Code: None

6. General Meetings

Notices convening the Company's General Meetings are submitted and announced in accordance with applicable law and stock exchange regulations. Comprehensive documentation relating to the items on the agenda is prepared and made available on the Company's website no later than 21 days prior to the General Meeting.

Shareholders who wish to participate in the General Meeting must notify the Company within the deadline specified in the notice. The deadline is set as close to the date of the General Meeting as possible, but not earlier than 5 days before the date of the General Meeting. In accordance with new regulations in the Public Limited Liability Companies Act which enter into force from 1 July 2023, the Company will amend its Articles of Association so the deadline for notifying the Company cannot be earlier than 2 business days prior to the date of the General Meeting.

In accordance with the rules of the Public Limited Liability Companies Act, Cloudberry will facilitate for electronic participation in General Meetings, unless the Board have a justifiable cause to resolve otherwise.

In accordance with the Articles of Association, the Board of Directors may resolve that shareholder may cast their votes in writing prior to the company's General Meetings. Such votes can also be cast by use of electronic communication. The permission to cast an advance vote requires the presence of an adequate method for authenticating the sender. The Board of Directors determines whether an adequate method is present prior to each General Meeting. The Board of Directors may adopt more detailed guidelines for advance voting. It will be stated in the notice of each General Meeting whether advance voting is permitted and which guidelines, if any, are resolved for such voting.

Shareholders who are unable to attend general meetings may vote by proxy. A dual language proxy form covering each individual matter on the agenda is included in the notice convening the general meeting. The Company offers shareholder who are not able to attend the general meeting the possibility of issuing a proxy to the chairperson who will then represent and vote for the shareholder at the general meeting.

According to the Corporate Governance Code, the Board should ensure that the general meeting may elect an independent person to chair the meeting. Cloudberry will facilitate for this for future general meetings.

Cloudberry intends to have representatives of the Board of Directors present at the Company's General Meetings. However, the Company will normally not have the entire Board of Directors participate as this is considered unnecessary. This represents a deviation from the Corporate Governance Code which states that arrangements shall be made to ensure participation by all directors. The chairperson of the nomination committee will be present at the Company's General Meetings where matters prepared by the nomination committee will be dealt with.

Cloudberry facilitates that shareholders may cast votes for each individual matter on the agenda, including each individual candidate nominated for election.

Deviations from Section 6 of the Corporate Governance Code: The Corporate Governance Code recommend that all members of the Board attend the general meetings of the Company. Not all board members are present at every general meeting of the Company.

7. Nomination committee

Section 8 of the Articles of Association prescribes that the Company shall have a nomination committee. The nomination committee is elected by the General Meeting for a period of two years unless the General Meeting decides on a shorter period. The members of the nomination committee may be re-elected.

The current members of the nomination committee are:

- Morten S. Bergesen (chairperson)
- Joakim Gjersøe
- Henrik Lund

The composition of the nomination committee shall reflect the interests of all shareholders and ensure independence from the Board of Directors and the executive management. Pursuant to the Corporate Governance Code adopted 14 October 2021, the nomination committee shall not include any

executive personnel or member of the Company's Board of Directors. No executive personnel or members of the Board of Directors in Cloudberry are members of the Company's nomination committee.

The remuneration of the nomination committee is determined by the General Meeting.

The nomination committee shall submit its recommendations to the General Meeting regarding election of the chairperson and shareholder elected members to the Board of Directors, as well as remuneration to the members of the Board of Directors. The nomination committee's recommendations shall address how each of the recommended candidates will attend to the Company's interests, including with respect to qualifications, capacity and independence.

The objectives, responsibilities and functions of the committee are further described in the "The Nomination Committee Policy", which was adopted by the general meeting on 17 June 2020. The policy is available on the Company's website.

Information about the composition of the nomination committee and the deadline for shareholders to propose candidates for election, is communicated to the Company's shareholders at www.cloudberry.no.

Deviations from Section 7 of the Corporate Governance Code: None

8. Board of directors: Composition and independence

Pursuant to Section 5 of the Articles of Association, the Company's Board of Directors shall consist of between three and eight shareholder elected members. The current Board of Directors of Cloudberry has seven members, consisting of three women and four men.

All members are elected for a term of one year and may be re-elected. The chairperson is elected by the General Meeting.

Cloudberry encourages the Board members to hold shares of the Company and has established a separate share purchase program for this purpose. According to the program the Board members use 30% of the fixed gross remuneration (prior to tax) per year to acquire shares in the Company.

The shareholdings of members of the Board as of 31 December 2022 are set out in note 27 of Cloudberry's consolidated financial statements ("Financial Statements").

Further, the composition of the Board of Directors, and information about the Board members' background and qualifications are detailed in the section "Board of Directors" of the annual report for 2022. The composition of the Board of Directors ensures that it can attend to the common interest of all shareholders and meets the Company's need for expertise, capacity and diversity. The Board of Directors evaluates its own work on an annual basis to ensure that it functions efficiently. Detailed information regarding meeting attendance, see section 9 (The work of the Board of Directors) in this report.

All shareholder elected members are considered independent of executive management and material business contacts. Further, 6 of 7 members of the Board are independent of the Company's main shareholders. Nicolai Nordstrand is the general manager of Havfonn AS, which as of 31 December 2022 controlled 8.5% of the shares and votes of Cloudberry. At the same time, Havfonn AS, jointly with its parent company Snefonn AS, controlled 14.06% of the share and votes of Cloudberry.

None of the members of the Board of Directors are part of Cloudberry's executive management team, but the Chief Executive Officer, Chief Value Officer and Chief Compliance & Organisation Officer regularly attends the Board of Directors' meetings.

Deviations from Section 8 of the Corporate Governance Code: None

9. The work of the Board of Directors

The Board of Directors emphasises maintaining a high standard of corporate governance. The Board of Directors is responsible for the over-all management of the Company and supervises the Company's day-to-day management and overall activities of the Company.

The Board of Directors has implemented a separate "Instructions for the Board of Directors" and "Instructions for the CEO". These instructions provide detailed and clear allocation of the responsibilities and duties of the Board of Directors and the Chief Executive Officer.

The meetings of the Board of Directors have emphasised the Company's activities, position, financial and operational developments, and objectives of the Company with its strategy and implementation. The Board of Directors has established an annual meeting schedule based on quarterly milestones and duties. The Board of Directors also prepares for general meetings. The Board of Directors had 16 meetings during 2022. To secure an independent discussion and valuation without related parties on Board issues, there were two incidents where members of the Board of Directors were excused from the board meeting.

The Board of Directors' performance is evaluated annually, and the evaluation is made available to the nomination committee.

Transactions with close associates

The Board of Directors shall ensure that all transactions between the Company and close associates are approved by the Board and are in compliance with Sections 3-8 and 3-9 of the Public Limited Liability Companies Act. Any such agreements must be balanced and not give concern for potential conflicts of interests with the Company.

If the Company enters into any agreement exceeding a fair market value of NOK 100,000 with a shareholder, a shareholder's parent company, members of the Board of Directors, executive personnel, or any of their close associates an independent third-party valuation shall be obtained.

Any transactions with close associates shall be described in the director's annual report.

The audit committee

The Company's audit committee is governed by the Norwegian Public Limited Liability Companies Act and a separate instruction adopted by the Board of Directors. The members of the audit committee are appointed by and among the members of the Board of Directors. The majority of the members of the audit committee are independent. The committee performs tasks related to financial reporting, the annual accounts and internal control. The audit committee has contact with the Company's auditor, which in 2022 attended all meetings. It will be held minimum five audit committee meetings per year.

The compensation committee

The compensation committee is appointed by and among the members of the Board of Directors. In 2022 there were made changes to the members of the committee. All its members are independent of the Company's executive management. The compensation committee recommends, oversees, and approves compensation and remuneration of the Company's executive management, and other matters concerning the management.

The Environmental, Social and Governance Committee (ESG) committee

The Company has an ESG committee consisting of two Board members. The committee's purpose is to guide and support the Company's work, anchor its commitment, and ensure high standards on both strategic and operational levels within environmental, social and governance aspects.

Code of Conduct

Cloudberry's Code of Conduct is the basis for the Company's ethical culture. Its purpose is to ensure that the Company's business and investments are conducted in a highly ethical manner.

The Code of Conduct is revised and audited by the Board of Directors annually. The Code of Conduct applies to all employees in the Cloudberry group, the Board of Directors, and other representatives of the Company. Every employee of Cloudberry shall act in compliance with the Code of Conduct. The Code of Conduct shall inter alia ensure that the Board members and the executive personnel make the Company aware of any material interest they may have in matters to be considered by the Board.

Cloudberry is committed to achieving a sustainable development in our operations in all general terms. Business opportunities aimed at promoting a sustainable future shall be a part of Cloudberry's strategic assessments, and we will leverage our competence and expertise towards contributing to developing a sustainable future.

Deviations from Section 9 of the Corporate Governance Code: None

10. Risk management and internal control

The Board of Directors is responsible for the Company's risk management and internal control systems that are appropriate in relation to the extent and nature of the Company's activities. Both the

Board of Directors and the management of the Company focus on risk management and internal controls.

In 2022, Cloudberry updated the policy and procedures regarding risk management internal control. The aim was to heighten the knowledge and awareness of risk, to standardize the process and ensure a common framework and definition throughout the Group and our different risk processes. The Company considers threats and opportunities within four main areas; strategic risks, financial risk, market/external risk and operational risk.

Risk assessments shall be updated on a quarterly basis, unless there are major events influencing the risk review of the Group. Then the Company updates immediately. The highest risks, calculated by considering probability and consequence, and the mitigating actions are discussed in the management team in Cloudberry, with the audit committee and annually with the Board of Directors.

Prior to every Board meeting and otherwise when needed, the CEO reports in writing to the Board of Directors on the Company's position, financial status and performance. Through the CEO, the Board of Directors is ensuring risk and corporate management and that Cloudberry complies with the Public Limited Liability Companies Act and other applicable laws and regulations in the regions Cloudberry operates, according to sound ethical principles in terms of administrative, technical, business and personnel matters.

Cloudberry manages the risk through close follow-up and monitoring of operating assets and developing projects. Procedures and guidelines for the business are implemented and reviewed regularly.

In the annual reporting, the Board of Directors reviews the Company's risk areas. The annual review pays attention to inter alia:

- Financial risks, including liquidity, interest and foreign exchange rate, inflation and cost control
- Political risk and changes in laws and regulations
- Volatile energy prices and revenue exposure
- IT/digital risk, including IT fraud and hacker attacks
- Climate and nature impact risks

Deviations from Section 10 of the Corporate Governance Code: None

11. Remuneration of the Board of Directors

Cloudberry has established guidelines for salary and other remuneration for executive personnel, which also covers guidelines for remuneration to the Board of Directors. The guidelines have been prepared in accordance with Section 6-16a of the Public Limited Liability Companies Act.

The remuneration of the Board of Directors is resolved by the Company's General Meeting and should reflect the Board of Directors' responsibility, experience, time spent and the complexity of the Company's activities. The Board of Directors' remuneration is not linked to the performance and the Board of Directors hold no options in the Company.

The Board of Directors members who participate in the audit committee, the compensation committee and the ESG committee receive separate compensation for these appointments, which are approved separately by the Company's General Meeting.

Detailed information on the remuneration of the Board of Directors can be found in the Financial Statements, note 27.

As a main rule, the members of the Board of Directors shall not have any specific assignments for the Company in addition to their appointment as members of the Board of Directors.

Deviations from Section 11 of the Corporate Governance Code: None.

12. Salary and other remuneration for executive personnel

Cloudberry has established guidelines for salary and other remuneration for executive personnel. The guidelines have been prepared in accordance with Section 6-16a of the Public Limited Liability Companies Act, with applicable regulations on guidelines and reporting of remuneration for leading personnel. The main purpose of the guidelines is to allow shareholders to influence the parameters determining salary and other kinds of remuneration to executive personnel and to create a culture for remuneration that promotes the Company's long-term interests, strategy and the Company's financial sustainability, while at the same time ensuring the shareholders' influence.

By remuneration means all consideration received by an individual, including fixed salary, performance-based pay and other benefits. The remuneration for leading personnel is based on attracting and retaining relevant expertise to further develop the Company. The guideline sets out an absolute limit for performance-related remuneration.

More detailed information about the individual remuneration of the CEO and other leading personnel is provided in the Company's annual report note 12. Employee benefits and share based payments and the Company's guidelines on the salary and other remuneration for executive personnel will be published after the annual General Meeting in 2023.

Deviations from Section 12 of the Corporate Governance Code: None

13. Information and communications

The Board of Directors adopted an investor relations policy with a description of the Company's investor information and investor relations policy. The policy clarifies roles and responsibilities related to financial reporting and contact with the shareholders and the investor market. This is to ensure transparency and equal treatment of the stakeholders.

Cloudberry publishes its financial calendar annually with a list of dates for important events such as annual General Meetings and financial reports. The Company practices a silent period of two weeks ahead of publication of financial statements.

Cloudberry provides all stock exchange announcements, financial reports and presentations, and other IR information at the Company's web site www.cloudberry.no and the information is also posted at Oslo Stock Exchanges' official news channel www.newsweb.oslobors.no. Cloudberry gives presentations in connection with the financial reporting, and these presentations are broadcasted digitally.

Deviations from Section 13 of the Corporate Governance Code: None

14. Take-overs

The instructions of the Board of Directors of Cloudberry contain guidelines on how the Board of Directors shall act in the event of a take-over bid.

In such case, the Board of Directors shall ensure that the shareholders' interests are safeguarded and that all shareholders are treated equally, and that the Company's activities are not unnecessarily interrupted. The Board of Directors shall further ensure that all shareholders receive sufficient information and are given sufficient time to assess the relevant offer. The Board of Directors is responsible of ensuring that the shareholders are informed in time to assess the offer. The Board of Directors shall not prevent or oppose any takeover bids for the Company's activities or shares but will make a recommendation as to whether the shareholders should accept the bid.

Deviations from Section 14 of the Corporate Governance Code: None

15. Auditor

The Company's external auditor is Ernst & Young AS.

The Board of Directors require the Company's auditor to annually present to the audit committee the main features of the plan for the audit of the Company.

The auditor participates in meetings of the Board of Directors and the audit committee that deal with the annual accounts. At these meetings the auditor report on any material changes in the Company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the Company's executive management.

Further, the Board of Directors has an annual review of the Company's internal control procedures with the auditor, including identified weaknesses and proposals for improvement.

The Board of Directors has established guidelines in respect of the use of the auditor by the executive management for services other than audit.

The remuneration to the auditor is subject to approval by the annual General Meeting. The Board of Directors will report to the General Meeting details of fees for audit work and any fees for other assignments.

Deviations from Section 15 of the Corporate Governance Code: None

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