

Document Policy	Document ID KP0001	First version 2017-07-14	Last revised 2026-05-05	Classification	Page 1 (4)
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Corporate Governance Policy

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1. Purpose

To ensure that Balco Group complies with applicable laws and regulations as well as the Group's values, Balco Group has developed several Group-wide policies, including this Corporate Governance Policy.

The Corporate Governance Policy regulates in a uniform manner how the Group handles activities related to corporate governance as well as definitions of roles and responsibilities.

2. Extent

The Corporate Governance Policy applies to all majority owned operating companies within the Balco Group Group. In minority owned businesses, Balco Group's representatives shall work to ensure compliance with this policy.

3. Content of the policy

3.1 Board of Directors and CEO

The Board of Directors is ultimately responsible for corporate governance within Balco Group and is responsible for the Group's overall goals and strategy. The Board of Directors establishes a framework for Balco Group's operations by adopting certain governing documents. The Board of Directors adopts and is responsible for policies, rules of procedure for the Board of Directors and certain guidelines and instructions, such as instructions for the CEO and instructions for the Board's committees. These documents are fundamental to governing Balco Group.

Balco Group's CEO is responsible for ensuring that the day-to-day operations of Balco Group are conducted in accordance with the instructions for the CEO and the other governing documents adopted by the Board of Directors.

3.2 Organization

Balco Group's CEO is responsible for designing an efficient and appropriate organization that provides good conditions for achieving Balco Group's business concept and goals. Balco Group's CEO steers the day-to-day operations by delegating to other members of Group Management, subsidiary CEOs and heads of supporting functions.

3.3 Operations management

Balco Group shall continuously work to ensure that the business's strategies, goals and assignments are met. The Group and all subsidiaries shall submit an annual budget in accordance with Balco Group's budget instructions. The budget shall follow a uniform format and contribute to the Group's overall budget. The CEO is responsible for the budget and follow-up. The Group's and all subsidiaries' annual reports, together with the auditor's report, shall be submitted to Balco Group (the parent company) when these documents have been prepared.

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3.4 Risk management and internal control

Balco Group shall identify, evaluate and manage risks that threaten the Group's values, vision, business concept and goals. Assessment of risks is made related to the outside world, business, reputation and brand, IT, laws and regulations, finance, accounting/reporting and significant processes. An updated risk analysis shall be presented annually to the Board of Directors.

An evaluation of the minimum requirements in defined controls shall be carried out annually by each company and reported to Balco Group (the parent company). The CEO of each company is responsible for the implementation of the evaluation process.

3.5 Financial reporting

To ensure Balco Group's ability to deliver financial information with quality and on time, guidelines for financial reporting shall be established and updated. Balco Group's and all subsidiaries' annual reports, together with the auditor's report, shall be submitted to Balco Group (the parent company) when these documents have been prepared.

The guidelines shall highlight the following sections, among others:

- Roles and responsibilities
- Financial systems
- Budget planning
- Accounting principles
- Financial reporting package
- Group reporting including reporting plan

Financial reporting guidelines are updated annually and approved by the Group's CFO.

3.6 Compliance

Management and employees are responsible for compliance with applicable laws, regulations, and governing documents within their area of responsibility. Follow-up of compliance, policies and rules shall take place through follow-up of internal control, see guidelines for risk management and internal control. Balco Group's CEO is responsible for reporting to the Board of Directors once a year on how Balco Group complies with Group-wide policies.

3.7 Governing documents

To ensure that Balco Group complies with applicable laws and regulations as well as the Group's values, the Group has developed a number of Group-wide policies, including this policy. Furthermore, Balco Group has defined a process for managing governing documents (policies and guidelines) and appointed ownership and responsibility for compliance with these documents. Balco Group's overall policies:

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- Corporate Governance Policy
 - o Rules of procedure for the Board of Directors (guideline)
 - Instructions from the Board of Directors to the CEO
 - o Rules of procedure for the Audit Committee (guideline)
 - o Rules of procedure for the Remuneration Committee (guideline)
- Finance policy
- Insider policy
- IT policy
- AI policy
- Information security policy
- Sustainability policy
- Communication policy

In addition to the above-mentioned policies, Balco Group has established a Code of Conduct.

4. Roles and responsibilities

The Group's CEO owns the corporate governance policy.

5. Compliance criteria

For the Corporate Governance Policy to be considered compliant, the following criteria must be met:

- Balco Group and all operating companies have prepared a budget in accordance with Balco Group's budget instructions.
- The rules of procedure for the Board of Directors and the Board's instructions for the CEO have been updated.
- An updated risk analysis is presented annually to the Board of Directors of Balco Group.
- The guidelines for financial reporting have been updated and approved by the Group's CFO.