



## Corporate Governance Report

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# Corporate Governance Report 2022

January 1—December 31

(extract Annual Report Tekna Holding ASA)

## Corporate Governance report

Tekna aims to maintain high standards for corporate governance. In the Company's opinion, good corporate governance is an important condition for value creation.

Tekna Holding ASA's (the "Company") corporate governance defines the business framework within which all activities in the Company should operate and clarifies the roles and responsibilities between governing bodies in the Company.

The Company is subject to corporate governance reporting requirements as defined in the Norwegian Accounting Act, section 3-3b and the Norwegian Code of Practice for Corporate Governance (the "Code") available at [www.nues.no](http://www.nues.no). The Board of Directors' Statement of Corporate Governance follows the structure of the Code.

This report provides an overview of how Tekna follows the 15 points set out in the Code and the deviations from the Code in Tekna's operations. This report should be viewed in conjunction with all the measures relating to corporate governance detailed in the Company's annual report 2022.

### 1. Implementation and reporting on corporate governance

#### Our governance structure

The Board has the overall responsibility for ensuring that the Company has a high standard of corporate governance. The Board has adopted a corporate governance policy document (the "Policy"). This Policy describes the Company's main principles for corporate governance and addresses the framework of guidelines and principles regu-

lating the interaction between the Company's shareholders, the Board of Directors, the Chief Executive Officer (the "CEO") and the Tekna Group senior management (the "Executive Leadership Team"). The Company is a holding company, and the operations of the Tekna group of Companies are carried out through the operating subsidiaries of the Company (the "Tekna Group"). The Policy is based on the Code, the Company's goal is to act in accordance with every recommendation in the Code.

The Board and Executive Leadership Team perform an annual assessment of its principles for corporate governance.

The Board members and the Executive Leadership Team are requested once a year to complete a Directors and Officers compliance questionnaire, disclosing any conflicts of interest.



1: Responsibility for Governance, including risk management is assigned to the CFO

2: Responsibility for ESG reporting lies with the VP Corporate Strategic Development and Innovation

#### Code of Conduct for suppliers and for employees

In 2021 Tekna has developed the supplier code of conduct ("sCoC") and the employee code of conduct ("eCoC"). The sCoC, signed off by the CEO in August 2021, gives clear guidance to our employees and business partners that we expect clean, transparent and fair business dealings.

The employee code of conduct was signed off at the most senior level by the Board of Directors of Tekna on February 8, 2022 as part of the corporate code of governance. Both documents can be found here: [www.tekna.com/investors](http://www.tekna.com/investors).

Deviations from the Code of Practice: None

## 2. The business

The Company business is to conduct business development, including investments, and to be co-owner of other companies. The Company is the owner of the Tekna Group. The Tekna Group's core business is to produce high-purity metal powders for applications such as 3D printing in the aerospace, medical and automotive sectors, as well as optimized induction plasma systems for industrial research and production.

The Board has prepared clear goals, strategies, and a risk profile for the Company. The Company has guidelines for how it integrates the interests of the society at large into its value creation for shareholders in a sustainable manner. The ESG – Environmental, Social, Governance - report is included in the annual report and is available on the Company's website. The Board evaluates targets, strategies and a risk profile on an annual basis, at a minimum.

Deviations from the Code of Practice: None

## Corporate Governance report (continued)

### 3. Equity and dividends

#### Equity

Total equity for the group at 31 December 2022 was CAD 53.4 million, corresponding to a long-term debt/equity ratio of 0.10. Considering the nature and scope of Tekna's business, the Board considers that the Company has adequate equity and capital structure. The Board constantly assesses the company's financial capacity in light of its objectives, strategy and risk profile.

#### Dividend policy

The Company strives to follow a dividend policy favourable to its shareholders. The amount of any dividend to be distributed will be dependent on, inter alia, the Company's investment requirements and rate of growth. In deciding whether to propose a dividend and in determining the dividend amount, the Board takes into account legal restrictions as well as capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility.

The Company has not distributed any dividends since the date of its incorporation.

#### Capital increase and Repurchase of shares

Existing mandates granted to the Board, to issue shares and to purchase its own shares, are presented in the shareholder information section of the annual report. The mandates are restricted to defined purposes and limited in time to no later than the date of the next Annual General Meeting, but in no event later than 30 June 2023.

Deviations from the Code of Practice: None

### 4. Equal treatment of shareholders and transactions with close associates

#### Equal treatment of shareholders

There is only one class of shares, and all shares have equal voting rights. At 31 December 2022 there were 125,227,346 ordinary shares each with a par value of NOK 2.00. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. The articles of association place no restriction on voting rights. Shareholders do not have pre-emption rights upon any change of ownership of shares in the company.

#### Largest shareholder

Arendals Fossekompagni ASA ("AFK") is the Company's largest shareholder, owning 71.1% of the Company's shares at 31 December 2022. The Company's guidelines require that AFK acts in a manner conducive to equal treatment of Company's shareholders.

#### Transaction with close associates

All transactions with close associates are disclosed in the notes to the annual accounts. All business activities are based on arm's length terms. In the event of transactions with insiders or close associates, procedures apply to ensure the respect of the Norwegian Public Limited Liability Companies Act.

Deviations from the Code of Practice: None

### 5. Shares and negotiability

The Shares in Company are listed on the Oslo Stock Exchange and are freely negotiable. There are no provisions in the Company's Articles of Association that limit the right to own, trade or vote for shares in the Company.

Deviations from the Code of Practice: None

### 6. General meetings

Through the General Meeting, the shareholders exercise the highest authority in the Company. All shareholders have a right to attend, make a statement and vote at the General Meeting as long as they are recorded in the Company's share register no later than two business days before the date of the general meeting. The General Meeting deals with such matters as required by Norwegian law.

The notice of the meeting, the agenda and detailed and comprehensive supporting information, are made available on Tekna's website at least 21 days before a general meeting takes place. At the same time the notice and agenda are distributed to all shareholders.

The Annual General Meeting for 2023 takes place on 3 May 2023.

Shareholders who cannot attend the meeting in person can vote by proxy and voting instructions can be given on each item on the agenda. In addition, shareholders may vote in advance, either in writing or by electronic means.

The General Meetings are opened by the Chair of the Board. Normally, the Board proposes that the Chair of the Board shall also Chair the General Meetings. The Board will propose an independent Chair for

## Corporate Governance report (continued)

the General Meeting if any of the matters to be considered calls for such arrangement.

The notices and minutes of the General Meetings are published in Oslo Børs' information system (<https://newsweb.oslobors.no>, ticker: TEKNA) and on Tekna's website ([www.tekna.com/investors](http://www.tekna.com/investors)).

Deviations from the Code of Practice: two deviations from this section:

1) "the members of the Board of Directors and the Chair of the nomination committee attend the general meeting": The Company does not have a Nomination Committee. All members of Board of Directors have normally not participated in the general meeting. Matters under consideration at the general meeting of shareholders have not previously required this. The Chair of the Board of Directors is always on hand to present the report and answer any questions. Other board members participate as needed. The Board considers this to be adequate.

2) "the general meeting is able to elect an independent Chair for the general meeting": The General Meetings are opened by the Chair of the Board. Normally, the Board proposes that the Chair of the Board shall also Chair the General Meetings. The Board will propose an independent Chair for the General Meeting if any of the matters to be considered calls for such arrangement.

## 7. The nomination committee

The Company has not established a nomination committee.

At the listing of the company in March 2021 the Board of Directors of the Company consisted of three male executives from its majority shareholder. The Board hired then an independent board selection agency for the selection of new Board members. Changes have now

taken place to improve the Board composition in terms of competencies relevant to the Company, independence, and diversity and to comply with the exigence of the Code. Two independent female Board members have joined the Board bringing considerable market know-how for the company's future endeavours, and a new Chair, which is not an employee of the majority shareholder, has been elected.

The remuneration of the members of the Board has been voted by the General Meeting.

Deviations from the Code of Practice: The Company has not established a nomination committee. The function and responsibilities of a nomination committee are considered by the Company to have been sufficiently handled by the Board of Directors with the help of an independent selection agency.

## 8. Board of directors: composition and independence

### Composition and election

In 2022, three new Board members joined the Board, and one of them has been elected as the new Chair. The Board members have been chosen with the interest of the shareholders in mind and for the capacity, expertise and diversity needed by the Company. The Board acts as a collegial body, independently of special interests.

Board members are elected for a period of up to two years. The Board members and Chair are elected by the general meeting. There is no corporate assembly in Tekna.

According to the articles of association, the Board shall consist of minimum three and maximum nine members. On 31 March 2023, the

Board of Directors consisted of four members, 2 women and 2 men:

- Dag Teigland, Chair of the Board elected on October 3, 2022
- Torkil Sigurd Mogstad, elected until the Annual General Meeting of 2023
- Barbara Thierart-Perrin, elected on April 1, 2022.
- Anne Lise Meyer, elected on May 30, 2022

See presentation of Board members in the annual report for details.

The Chair of the Board at the beginning of 2022, Morten Henriksen has been replaced on October 3, 2022 by Dag Teigland. Morten Henriksen stayed on the Board as a Director until his resignation on January 17, 2023.

### Independence of the Board of Directors

The composition of the Board ensures that it can operate independently of any special interest.

Torkil Mogstad is not considered to be independent of the main shareholders due to his position as Executive Vice Presidents in Arendals Fossekompani ASA. Dag Teigland was engaged by Arendals Fossekompani ASA as a senior business advisor with a special focus on the Company and, as such, is not to be considered as an independent Chair of the Board. Barbara Thierart-Perrin and Anne Lise Meyer are independent from the Company main shareholder.

The Board members are requested once a year to complete a Directors and Officers compliance questionnaire, disclosing any conflicts of interest.



## Corporate Governance report (continued)

### Board members' shareholdings

Board members are encouraged to own shares of the Company. Board members' shareholdings in the Company are disclosed in Note 23 Related Parties of Tekna's consolidated financial statements.

Deviation from the Code of Practice: "The majority of the shareholder-elected members of the Board of Directors should be independent of the company's executive personnel and material business contacts." The Company has four Board members, half of which are independent and the other half is not. The Company considers this to be adequate.

## 9. Work of the Board of Directors

### Duties of the Board of Directors

The Board of Directors has adopted Rules of Procedures for the Board, which indicate rules as to the work and administrative procedures of the Board and as to the functions and duties of the CEO towards the Board.

The overall management of the Company is vested in the Board and the Executive Leadership Team. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business, ensuring proper organization and allocation of responsibilities and duties, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts, and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Board leads the governance system and meets with relevant Board Committees a minimum of four times a year to gain insights, review and ensure proper implementation of internal control mechanisms and risk management processes for good governance. The

Board meets the CEO, the CFO and the Executive Leadership Team as often as necessary to perform its duties. ESG, including climate-related risks and opportunities are subject to an annual review with the Board. Top risks and emerging risks are reported in the company's risk management tool.

The Board had 13 meetings during 2022 with 94 per cent participation.

### Agreements with related party

The Board has also adopted Guidelines for Related Party Agreements to ensure proper handling of agreements between the Company and related parties. These Guidelines stipulate that Members of the Board and the Executive Leadership Team must notify the Board if they have any material direct or indirect interest in any agreement to be entered into by the Company. In each case, the Board will consider whether it is necessary to obtain an independent evaluation.

In 2022, no Related Party Agreements were executed.

### The Audit Committee

In light of the company's conversion to public limited company Tekna's Board has initiated an Audit Committee in 2022 (the "Audit Committee") and adopted Guidelines for the Audit Committee. The Audit Committee is a subcommittee of the Board and acts as a preparatory and advisory body for the Board and supports the Board in the exercise of its responsibility for financial reporting, internal control, and risk management. The Audit Committee also reviews and monitors the independence of the Company's auditor.

The Audit Committee consists of two members who are members of the Board: Anne Lise Meyer and Torkil Mogstad. They have been appointed by the Board which has also designated Anne Lise Meyer as the Chair of the Audit Committee. The members of the Audit

Committee have collectively the expertise required for the performance of the tasks assigned to the Audit Committee.

Deviations from the Code of Practice: two deviations from this section:

"The majority of the members of the Audit Committee should be independent.": The Audit Committee has two members, one is independent, the other is not. The Board considers this to be adequate.

"The Board evaluates its performance once a year.": The Board has not evaluated its performance in 2022 since three of the Board members are new, and the Board consider that a full year of Board activity is needed before it is meaningful to proceed with an evaluation.

## 10. Risk Management and Internal Control

The Board ensures that Tekna has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. The internal control and the systems also encompass the Company's corporate values and ethical guidelines.

The objective of the risk management and internal control is to manage exposure to risks to ensure successful conduct of the Company's business and to support the quality of its financial reporting.

The Board carries out an annual review of the Company's most important areas of exposure to risk and the Board and the Executive Leadership Team conduct risk assessments related to various dimensions and aspects of operations to verify that adequate risk management systems are in place.

**Corporate Governance report (continued)**

The Board provides an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

Internal control of financial reporting is conducted through day-to-day follow-up by Executive Leadership Team, and supervision by the Audit Committee.

Deviations from the Code of Practice: None

**11. Board remuneration**

The General Meeting determines the Board's remuneration annually. Remuneration of Board members is reasonable and based on the Board's responsibilities, work, time invested and the complexity of the enterprise. The remuneration of the Board members is not performance-related nor include share option elements.

The Board is informed if individual Board members perform tasks for the Company other than exercising their role as Board members. Work in sub-committees may be compensated in addition to the remuneration received for Board membership.

Additional information on remuneration paid to the individual Board members can be found in Note 23 of the financial statements for 2023.

Deviations from the Code of Practice: None

**12. Salary and other remuneration for executive personnel**

The Board has resolved guidelines to the CEO for remuneration to the Executive Leadership Team, including performance-related remuneration. The Guidelines can be found in the Corporate Governance Policy of the Company.

The salary and other remuneration of the CEO are decided by the Board.

The Company's senior executive remuneration policy is based primarily on the principle that executive pay should be competitive and motivating, in order to attract and retain key personnel with the necessary competence, in order to ensure the long terms interest of the Company.

The performance-related remuneration portion is limited in the variable compensation plan.

Details relating to the salary and benefits payable to the CEO and other subsidiaries' senior executives are available in note 23 to the financial statements and the Remuneration Report 2022.

Deviations from the Code of Practice: None

**13. Information & communication**

Communication with shareholders, investors and analysts is a priority for the Company. The Board has implemented an Investor Relations Policy with the objective to provide the public with accurate, comprehensive and timely information to form a good basis for making decisions related to valuation and trade of the Company share. The Company's communication is based on openness and respects the requirement for equal treatment of all shareholders.

All notices sent to the stock exchange are made available on the Company website and at <https://newsweb.oslobors.no>.

The dates for major events such as the Annual General Meeting, the publication of interim reports and public presentations are published on the Company's website: [www.tekna.com/investors/calendar](http://www.tekna.com/investors/calendar) and at <https://newsweb.oslobors.no>.

Deviations from the Code of Practice: None

**14. Take-over situations**

The Board has adopted Guidelines relating to take-over bids. In the event of a take-over bid being made for the Company, the Board will follow the overriding principle of equal treatment for all shareholders and will seek to ensure that the Company's business activities are not disrupted unnecessarily. The Board will strive to ensure that shareholders are given sufficient information and time to form a view of the offer.

## Corporate Governance report (continued)

The Board will not seek to prevent any take-over bid unless it believes that the interests of the Company and the shareholders justify such actions. The Board will not exercise mandates or pass any resolutions with the intention of obstructing any take-over bid unless this is approved by the General Meeting following the announcement of the bid.

If a take-over bid is made, the Board will issue a statement in accordance with statutory requirements and the recommendations in the Code.

In the event of a take-over bid, the Board will obtain a valuation from an independent expert. If a major shareholder, any member of the Board or Executive Leadership Team, or related parties or close associates of such individuals, or anyone who has recently held such a position, is either the bidder or has a particular personal interest in a take-over bid, the Board will arrange for an independent valuation.

Any transaction that is in effect a disposal of the Company's activities will be submitted to the General Meeting for its approval.

Deviations from the Code of Practice: None

## 15. Auditor

### Role of Auditor

PwC is the Company's Auditor.

The primary task of the Auditor is to perform the audit work required by law and professional standards with the level of care, competence and integrity required by law and such standards. The Auditor participates in all meetings of the Audit Committee. The Minutes of the Audit Committee are shared with the Board Members. If required by the Board, the Auditor can assist to the Board.

The Auditor has assisted the Board related to 2022 Annual financial results.

### Use of the Auditor for services other than the audit.

The Audit Committee reviews and monitors the independence of the Company's auditor, including the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The Auditor provides the Board with an annual written confirmation that it continues to satisfy the requirements for independence.

The Auditor annually provides the Board with a summary of all services in addition to audit work that have been undertaken for the Company. The fees paid for audit work and fees paid for other specific assignments are specified in the notes to the financial statements.

Deviations from the Code of Practice: None



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**2022**

# **Annual report**

**Every particle counts...**





# About Tekna

Tekna is a global leader in the development, manufacturing and sales of advanced micron and nano powders as well as plasma process solutions.

Since we started in 1990, Tekna has developed a unique and proprietary plasma technology platform for manufacturing micro and nano sized powders for a range of industries. Our business model relies on two revenue streams, both with synergistic effects:

- Development and sale of plasma systems: We develop and sell plasma systems customized for the purpose of research and development.
- Development and sale of advanced powders: We develop and operate our own proprietary plasma processes to produce and sell spherical powders and nano powders.

Tekna's is developing the position of its advanced materials in three multi-billion-dollar market verticals. 

Tekna is headquartered in Québec, Canada, and has additional offices in France, China, Korea, USA, and seven distributors operating globally (Europe, Asia and North America).



Note: In India and Japan, Tekna has distribution/sales representative agreements

### Additive Manufacturing:

Currently our fastest growing segment. Tekna enjoys an estimated 19 per cent market share, up by 6 per cent on main selling products. This global market is on track to outperform, in terms of growth, traditional machining due to improved environmental efficiency, for instance through resource efficiency and speed of availability of parts.

### Microelectronics:

We aim to secure industrial scale supply to global tier 1 customers in the microelectronics industry. Nano powders below 100 nm are expected to become the new industry standard for high-end MLCC devices, and Tekna is one of only three producers that can deliver this.

### Energy Storage:

Tekna has developed and patented its industrial process to produce high purity spherical silicon nano powder. Nano silicon used in rechargeable batteries could provide electric vehicles with 60 per cent more distance travelled on a single charge. Important industries for our powders are: batteries, electronics, medical, automotive, aerospace and satellites.

### Systems | PlasmaSonic:

In the systems business we launched the PlasmaSonic Product line. This wind tunnel simulates hypersonic conditions to enable research for for instance space tourism.



Founded in 1990



Tekna Holding ASA listed in OSLO 2022

carbon neutral



Aspiration 2030



Headquartered in Sherbrooke, QC, Canada



216 employees



90 active patents



3 manufacturing and research centers



7 subsidiaries



1 joint venture