

# CORPORATE GOVERNANCE POLICY

## GENTIAN DIAGNOSTICS ASA

*Adopted by the board of Gentian Diagnostics ASA on 27 April 2022*

### 1 INTRODUCTION

Gentian Diagnostics (**Gentian** or the **Company**) is incorporated in Norway and is subject to Norwegian law. The Company seeks to comply with the applicable legal framework for companies listed on Oslo Børs, and endorses the Norwegian Code of Practice for Corporate Governance (Norwegian: "*Norsk Anbefaling for eierstyring og selskapsledelse*"), issued by the Norwegian Corporate Governance Board, most recently revised on 14 October 2021 (the **Code** or the **Code of Practice**).

The board of directors of the Company (the **Board**) has adopted this corporate governance policy (the **Corporate Governance Policy**) to reflect the Company's commitment to good corporate governance. This document is for internal use only.

### 2 MAIN OBJECTIVES FOR CORPORATE GOVERNANCE IN GENTIAN

This Corporate Governance Policy is based on the Code, and shall establish a basis for good corporate governance, profitability, including long-term profitability for the shareholders of the Company. The manner in which the Company is managed is vital to the development of the Company's value over time.

Good corporate governance is important for Gentian, and Gentian continuously work on its corporate governance principles and documents in order to ensure alignment of its practices with the Code. Like most companies Gentian is dependent upon good relations with its contacts to succeed and this is a priority for the Company. A good reputation and solid financial development over time are important in order to build and maintain trust and confidence towards important contacts like customers, investors, suppliers, employees, partners and public authorities. This requires good control of the business with an open and honest communication. Equal treatment of shareholders is also important to increase share value and achieve investor confidence. Gentian is also aware of its responsibility in society towards anticorruption, working environment, discrimination, environment and human rights.

The development of, and improvements in, this Corporate Governance Policy are an on-going and important process that the Board will focus on.

### 3 CORPORATE GOVERNANCE POLICY FOR GENTIAN

#### 3.1 Implementation and reporting on corporate governance

This Corporate Governance Policy is adopted by the Board on 2 June 2021 for and on behalf of the Company and is, in all material respects, based on the Code, to which the Board has resolved that the Company shall adhere.

The Board shall ensure that the Company at all times has sound corporate governance.

The Board shall provide an overall review of the Company's corporate governance in the Company's annual report. The review shall include each individual point of the Code. If the Company does not fully comply with the Code, this shall be explained in the Company's annual report. A description of the most important corporate governance principles of the Company shall also be made available for external interest groups on the Company's website.

The Company's Corporate Governance Policy is based on the Code, and includes the following main objectives:

- Maintain open and reliable communications with the stakeholders and others interested in the Company.
- Create value for shareholders of the Company in a sustainable manner.
- The Board shall be autonomous and independent of management.
- Clear division of roles and responsibilities between Board and management.
- Equal treatment of all shareholders.

The Board shall define guidelines for corporate social responsibility in accordance with these values. The Company has prepared the Gentian Code of Conduct which include the Company's commitments and principles for ethical behavior, trade and anti-corruption.

### **3.2 Business**

The purpose of the Company and its subsidiaries (collectively the **Group**) are in compliance with its articles of associations which reads as follows: "Development and marketing of analysis systems for in vitro medical diagnostics and in this connection the sale of consulting services as well as by subscription for shares or otherwise participating in other companies or other entities with financial purposes."

The Board sets the direction for the Company by determining the objectives, strategy and risk profile of the business within the parameters of the articles of association such that the Company creates value for shareholders in a sustainable manner and takes into account financial, social and environmental considerations. These objectives, strategies and risk profiles are evaluated on an annual basis by the Board through a designated strategy process. Information concerning the objectives and principal strategies of the Company and changes thereto as well as business risks aspects are disclosed to the market in the context of the Company's annual report, its quarterly reporting, market presentations and on the Company's website.

#### 3.2.1 Independency and neutrality

Gentian strives for independency and neutrality in the relations between the Board, management, owners and others. The principle of independence and neutrality and arm's length principle applies towards all contacts and business associates like customers, suppliers, banks and other connections.

### **3.3 Equity and Dividends**

#### 3.3.1 Equity

The Board shall ensure that the Company's capital structure is suitable for the Company's objectives, strategy and risk profile. The Board and the executive management shall regularly monitor the capital situation, and immediately take adequate steps should it be apparent at any time that the Company's equity or liquidity is less than adequate.

#### 3.3.2 Dividend

The Board shall establish a clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting. The background to any proposal for the Board to be given an authorisation to approve the distribution of dividends shall be explained. [The dividend policy shall be available on the Company's website.]

#### 3.3.3 Capital increases and purchases of own shares

Any authorisations granted to the Board to increase the Company's share capital shall be restricted to defined purposes. If the general meeting is to consider authorisations to the Board for the issue of shares for different purposes, each authorisation shall be considered separately by the general meeting. Authorisations granted to the Board to increase the share capital or to purchase the Company's own shares, shall be limited in time and shall not be given for a period longer than until the next annual general meeting.

### **3.4 Equal treatment of shareholders and free trade of shares**

#### 3.4.1 General information

Gentian strives to ensure that all shareholders shall be treated equally. The Company has only one class of shares. Each share in the Company carries one vote, and all shares carry equal rights including rights to participate in general meetings. All shares are freely negotiable with no form of restriction. All shareholders shall be treated on an equally basis, unless there is justified cause for treating them differently.

#### 3.4.2 Share issues without pre-emption rights for existing shareholders

All existing shareholders have pre-emptive rights to subscribe for shares in the event of share capital increases. The general meeting may by a qualified majority set aside the pre-emptive rights of existing shareholders. Any deviations from such rights must be justified by the common interest of the Company and the shareholders. Explanation of the justification by the Board shall be included in the agenda for the shareholders meeting. Where the Board has authorisations to increase the Company's share capital and waive the pre-emption rights of existing shareholders, a stock exchange notice will be issued containing the reasoning for the deviation.

### 3.4.3 Transactions in own shares

Any transactions in the Company's own shares are to be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the Company's shares, the Company will consider other ways to ensure equal treatment of all shareholders.

### 3.5 Freely negotiable shares

The Company's shares are freely negotiable on the Oslo Stock Exchange. There are no restrictions on owning, trading or voting for shares in the articles of association.

### 3.6 General meetings

The general meeting is the Company's highest decision-making body. The Board shall ensure that as many as possible of the Company's shareholders are able to exercise their voting rights in general meetings and that general meetings are an effective forum for the views of shareholders and the Board.

A notice and agenda documents for the general meeting, including the nomination committee's recommendations, are published on the Company's website at the latest 21 days before the general meeting is to be held. The resolutions and supporting documentation, if any, shall be sufficiently detailed and comprehensive to allow shareholders to understand and form a view on matters that are to be considered at the meeting. Any deadline for shareholders to give notice of their intention to attend the meeting shall be set as close to the date of the general meeting as possible. The Board and the person who chairs the general meeting shall ensure that the shareholders have the opportunity to vote in each individual matter.

All representatives of the Board and the chairperson of the nomination committee should attend general meetings. Representatives of the nomination committee, the remuneration committee and the audit committee, as well as the auditor should attend general meetings where matters of relevance for such committees/persons are on the agenda. The Board shall make arrangements to ensure that an independent chairman for the general meeting.

Shareholders who are unable to attend in the meeting in person shall be given the opportunity to vote by proxy. The Company shall prepare a proxy form, which shall in so far as this is possible, be set up so that it is possible to vote on each of the items on the agenda and each of the candidates that are nominated for election. Information on the procedure for attending by proxy and a proxy form shall be included in the notice convening the general meeting. A shareholder may be represented through power of attorney.

### 3.7 Nomination committee

According to the Company's articles of association, the Company shall have a nomination committee. The nomination committee shall consist of two to four members elected by the general meeting, where the majority of the members shall be independent of the Board and the management. The members of the nomination committee shall be elected to take into account the interests of the shareholders in general. All of the members of the committee shall be independent of the Board and executive personnel. The nomination committee shall not include the Company's Board members or the chief executive officer or any other executive personnel. The members of the nomination committee, including the chairperson, will be elected by the general meeting for a term of one year unless the general meeting decides otherwise in connection with the election.

The nomination committee shall present proposals to the general meeting regarding (i) election of chair of the Board, shareholder elected Board members and any deputy members, and (ii) election of members to the nomination committee, and remuneration to such members. The nomination committee shall justify why it is proposing each candidate separately.

The nomination committee shall have contact with shareholders, the Board and the Company's executive personnel as part of its work on proposing candidates for election to the Board. The committee shall establish suitable arrangements for shareholders to submit proposals to the committee for candidates for election.

The Company shall provide information on who are the members of the committee and any deadlines for presenting proposals to the committee on the Company's website. The nomination committee shall hold individual discussions with members of the board.

The general meeting has adopted instructions for the nomination committee. The general meeting shall also determine the nomination committee's remuneration.

### **3.8 Board; composition and independence**

The composition of the Board shall ensure that the Board can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity and diversity, and at the same time function effectively as a collegiate body. Furthermore, the composition of the Board shall ensure that it can act independently of any special interests. A majority of the shareholder elected Board members shall be independent of executive personnel, material business contacts and major shareholders. The Board shall not include any executive personnel.

For the purposes of this Corporate Governance Policy, a major shareholder shall mean a shareholder that owns or controls 10% or more of the Company's shares or votes, and independence shall entail that there are no circumstances or relations that may be expected to be able to influence independent assessments of the person in question.

The chairman of the Board shall be elected by the general meeting.

The term of office for members of the Board shall not be longer than one year at a time. Members of the Board may be re-elected.

The annual report shall provide information to illustrate the expertise of the members of the Board, and information on their record of attendance at board meetings. In addition, the annual report shall identify which members are considered to be independent.

Members of the Board shall be encouraged to own shares in the Company.

### **3.9 The Work of the Board**

The Board's duties are laid down by Norwegian law. The Board has overall responsibility for the administration of the Company and for safeguarding the proper organization of the business. The Board shall supervise the day- to-day management and the Company's business in general. The Board shall establish an annual plan for its work with emphasis on goals, strategy and implementation. Furthermore, the Board evaluates its performance and expertise annually against the annual plan. Procedures are made in order for members of the Board and executive personnel to make the Company aware of any material potential conflict of interests they might have in items to be treated by the Board. Matters of a material character in which the chairperson of the Board is, or has been personally involved, the Board's consideration of such matters will be chaired by some other member of the Board. The board of directors should provide details in the annual report of any board committees appointed.

The Board will implement instructions for the Board and the CEO, focusing on determining allocation of internal responsibilities and duties. These instructions shall also state how the Board and executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. Any such agreements shall be presented by the Board in their annual report.

### **3.10 Board Committees**

#### **3.10.1 Audit Committee**

The Audit Committee has the responsibility to provide oversight with all financial aspects of the Group. The objectives of the committee are to ensure the integrity of the Group's financial reporting, oversee the independence of the external auditors, ensure that controls are established and maintained to safeguard the Group's financial and physical resources, and to ensure that systems and procedures are in place so that the Group complies with relevant statutory, regulatory and reporting requirements.

#### **3.10.2 Remuneration Committee**

A remuneration committee is established to ensure that remuneration arrangements support the strategic aims of a business and enable the recruitment, motivation and retention of senior executives while also complying with the requirements of regulation. The remuneration committee is responsible for, amongst other, to prepare the Board's proposal to the guidelines for remuneration for key personnel and yearly remuneration report.

#### **3.10.3 Science and Strategy Committee**

The role of the Committee shall be to provide input and advise the Board in matters relating to the Company's research & development ("R&D") strategy, including reviewing the Company's pre-clinical and clinical product pipeline and the ranking thereof in view of the Company's overall strategy and vision.

### **3.11 Risk management and internal control**

It is the responsibility of the Board to ensure that the Company has sound and appropriate internal control and systems for risk management reflecting to the extent and nature of the Company's activities. Sound and appropriate risk management is of importance in ensuring long-term value creation and to strengthen the confidence in the Company.

Risk management and internal control is performed through various processes, both on a Board level and in daily management of the Company. As a part of the Company's risk management and internal control arrangements, risks are identified and evaluated with respect to probability of occurrence and the impact of the risk. Actions are defined in order to monitor or mitigate the risk.

The Board performs risk management and internal control through Board meetings. The Board shall regularly receive reports from executive personnel outlining the financial and operational performance of the Company. The Board shall have a yearly meeting to set the strategy for the Company and identify important risk factors. The Board shall describe the main features of the Company's internal control and risk management systems connected to the Company's financial reporting in the Company's annual report. This shall cover culture control, risk assessment, controlling activities and culture information, communication and follow-up. If the Company uses an established framework for internal control this shall be disclosed.

As a part of the risk management, the Board shall develop a risk profile as further set out in the Company's internal policies.

In respect of its internal control and risk management, the Company shall approve adequate policies and guidelines which, inter alia, address ethics, corporate social responsibility, risk management, financial reporting and internal communication.

### **3.12 Remuneration**

#### **3.12.1 Remuneration of the Board**

The remuneration to the Board is proposed by the nomination committee and decided by the annual general meeting. The level of remuneration of the Board shall reflect the responsibility of the Board, its expertise and the level of activity in both the Board and any Board committees. The remuneration of the Board shall not be linked to the Company's performance.

The Company shall not grant share options to members of the Board.

Members of the Board and/or companies with whom the members are associated shall not take on specific assignments for the Company in addition to their appointments as members of the Board. If they, nonetheless, do take on such assignments this must be reported to the Board and the remuneration for such additional duties must be approved by the Board. Any remuneration in addition to normal fees to the members of the Board shall be specifically identified in the annual report.

#### **3.12.2 Salary and other remuneration of executive management**

It is important for Gentian to be an attractive employer. The Company strives to attract competent employees with relevant experience and give the opportunity for further development. The compensation to management shall at all times be at market terms.

The Board shall prepare guidelines for the remuneration of management and key personnel pursuant to the Norwegian Public Limited Liability Companies Act section 6-16a, including the main principles for the Company's remuneration policy and should contribute to aligning the interests of shareholders and management. These guidelines shall be approved by the general meeting and are binding for the board from the time they are approved. The guidelines provide the framework for the remuneration of key personnel in Gentian, and shall contribute to the Company's commercial strategy, long-term interests and financial viability.. The Board shall also prepare a report on remuneration to management and key personnel pursuant to the Norwegian Public Limited Liability Companies Act section 6-16b.

The Company has established both short-term and long-term incentives for key personnel. The short-term incentive includes bonus arrangement, and the long-term incentive includes a performance-based share option program which both are based on defined measurable goals. Key personnel is included in the same pension and insurance plan as other employees.

### **3.13 Information and communication**

The Company shall continuously provide its owners, Oslo Børs and other players in the financial markets with timely and precise information about the Company and its operations. Relevant

information shall be given in form of annual reports, quarterly reports, investor presentations, stock exchange notices and press releases in accordance with what is appropriate from time to time.

The Company shall maintain an open dialog with shareholders and other participants in the securities market. The Company has established principles for investor relations which includes guidelines for the Company's contact with shareholders and the financial community.

Information shall be given to owners and other players in the markets simultaneously and with the most efficient methods. The disclosure of financial information and other information shall be accurate, timely and based on openness and equal treatment of the owners and players in the financial market.

Disclosed information will also be made available on the Company's website. The Company's financial calendar will also be published through Oslo Børs and on the website with important dates for investors, such as the date of the general meeting and quarterly reports.

The Company shall establish separate guidelines for handling of inside information and rules for primary insiders and its close associates.

### **3.14 Auditor**

The general meeting elects the auditor. The auditor shall annually present the main features of the plan for work with the audit of the Company to the Board or the audit committee.

The auditor is participating in the Board meeting approving the annual financial statements. In this meeting, the auditor is describing its views on accounting matters and principles, risk areas and internal control. The auditor participates in other Board meetings on request from the Board when the Board wants to get the auditors view on a specific matter.

The Board shall specify the management's right to use the auditor for other purposes than auditing.

The audit committee shall hold a meeting with the auditor at least once a year at which no representative of the management is present.

Compensation to the auditor is set by the general meeting and is described in the annual report.

### **3.15 Take-overs**

In the event of a take-over process, the Board shall abide by the principles of the Code. The Board will handle such matter in a professional manner, and ensure equal information and treatment of all shareholders.

The Board shall not hinder or obstruct take-over bids for the Company's activities or shares. The Board shall consider to actively seek other offers upon the receipt of a take-over bid when it is considered to be in the best common interest of the Company and its shareholders. Any agreements entered into between the Company and a bidder, or significant terms and conditions thereof, that are material to the market's evaluation of a bid shall be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the Company's shares, the Board shall not exercise mandates or pass any resolutions with the intention or effect of a disposal of the Company's activities, or material parts thereof, or otherwise obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid. Furthermore, the Board and management shall refrain from implementing any measures intended to protect their personal interests at the expense of the interests of shareholders following an intention to make a take-over bid or announcement of a bid.

If an offer is made for the Company's shares, the Board shall consider issuing a statement making a recommendation as to whether shareholders should or should not accept the offer in accordance with applicable law. Furthermore, the Board shall consider arranging for a valuation of the Company from an independent expert for publication together with its statement.

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