



## **Corporate Governance**

Serodus follows the recommendations described in The Norwegian Code of Practice for Corporate Governance. These recommendations are based on “comply or explain”. The board and the management in Serodus will follow the latest version of these recommendations.

## **Reporting on Corporate Governance**

Serodus intend to comply with the Norwegian Code of Practice for Corporate Governance. The statement including social responsibility is presented at the company website.

## **Business**

Serodus business is defined in the articles of associations – presented at the company website. The focus areas are presented in the annual report.

## **Equity**

Serodus will always intend to have enough equity to carry out its plans. Initiatives without enough equity will not be initiated. Combination of strategy, risks and cash is a key point in developing Serodus to become a successful company.

The company will due to its development, uneven revenue streams and net cash flow, not expect to pay recurring dividends until justified by recurring cash flows. Serodus intend to use its equity to develop products

## **Equal treatment of shareholders and transactions with related parties**

Serodus has one class of shares.

All material transactions between the company and shareholders, members of the board of directors, key employees or parties closely associated with same are to be assessed by an independent third party. Members of the board of directors and the management are obliged to notify the board of directors if they have any material interest – directly or indirectly – in any agreement entered into by the company. The board of directors will report in the annual report any transactions with related parties.

If the board of directors proposes that the existing shareholders pre-emptive rights be waived in the case of share capital increases, the waiver will be based on the common interests of the company and the shareholders. The reasons will be made public in a stock exchange disclosure in connection with the capital increase.

### **Freely negotiable shares**

All shares are freely negotiable with no form of restriction

#### **General meetings**

The Board of directors has the responsibility to ensure that as many shareholders as possible have the opportunity to participate in the General meetings of the company. The board of directors also have the responsibility to ensure that the General meeting is an effective forum for shareholders and the board of directors.

The chairperson of the board of directors, the CEO and the CFO has to be present at the Annual Shareholders meeting. Shareholders who are not able to participate themselves can appoint another person by proxy.

Notice of the General meeting and relevant documents are made available on the company website three weeks in advance of the meeting. Notice of the meeting is sent to all shareholders individually or to their depository banks, three weeks in advance.

### **Nomination committee**

Serodus has a nomination committee consisting of three members. The nomination committee is elected annually by the General meeting. The nomination committee duties are to propose candidates to the board of directors and to propose fee to the board members. The nomination committee is required to justify their recommendations.

### **Composition and independence of the board of directors**

The board of directors consists of 5 members. The composition of the board of directors is designed to ensure that it can attend to the common interests of all shareholders and that it meets Serodus requirements for expertise, capacity and diversity.

The members of the board are elected for 2 year period. All members are elected at the annual shareholders meeting. All members are considered to be independent from the company's day-to-day management, main shareholders and material business connections.

### **The work of the board of directors**

The board of directors prepares an annual plan for its work. The board of directors performs an annual review of its work and competencies.

The board of directors has established instructions for the CEO

### **Risk management**

It is the responsibility of the board of directors to ensure that the company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of Serodus activities. Risks include strategic risks, financial risks, liquidity risks and operational risks related to development of products within Serodus portfolio. The risks are assessed by the board on an ongoing basis.

The finance function is responsible for the financial statements and to ensure that these are prepared and reported according to applicable laws and regulations and in accordance with IFRS. The board of directors receives monthly reports from management which includes financial update. The Board performs reviews of quarterly interim reports and annual financial statements with special focus on significant transaction and estimates

Serodus does not have an audit committee.

### **Remuneration of the board of directors**

The remuneration of the board is to reflect their responsibility, expertise and time commitments as well as the complexity in Serodus. The remuneration of the board is not linked to Serodus` profit or product development progress. The remunerations of board include share options. Share options to board members are deviation from the recommendations. Anyhow, Serodus wants to give options to board members to attract competent people to the board.

### **Remuneration of management**

The management in Serodus have competitive salaries so that the company is able to attract and keep competent people. In addition management has got share options. Share options to management will be actively used to attract and keep competent management.

### **Information and communication**

Serodus` reporting of financial and other information is based on openness and takes into account requirements for equal treatment of investors. Serodus publishes a financial calendar on an annual basis, including dates of release of quarterly reports and annual shareholders meeting. All stock exchange notifications are posted on Serodus` website at the same time as it is published at Oslo Stock exchange.

The chairman of the board and the CEO are authorized to speak on behalf of the company. They can delegate this authorization to other members of the board or top management.

**Company take-overs**

The board will always focus on what is in the shareholders interest. Any bid will be evaluated based on that principle.

**Auditor**

On an annual basis, the auditor presents to the board the performance of the audit work. The auditor participates in meeting with the board of directors that deal with the annual financial report. In this meeting, the auditor also presents a review of Serodus procedures for internal control.