



NYKODE THERAPEUTICS ASA

Corporate Governance Policy

as resolved by the Board of Directors on 7 June 2022 (to enter into force from the date Nykode Therapeutics ASA applies for listing on Oslo Børs)

CORPORATE GOVERNANCE POLICY

The Board of Directors of Nykode Therapeutics ASA (the **Company**) has approved this corporate governance policy document (the **CG Policy**).

The CG Policy addresses the framework of guidelines and principles regulating the interaction between the Company's shareholders, the Board of Directors (the **Board**), the Chief Executive Officer (the **CEO**) and the Company's executive management team.

The CG Policy is based on the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board on 14 October 2021 (the **Code of Practice**).

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board will ensure that the Company implements sound corporate governance.

The Company will, in accordance with applicable legislation and stock exchange listing rules, provide a report on the Company's corporate governance in the directors' report or in a document that is referred to in the directors' report in connection with its annual financial statements and report. The report on the Company's corporate governance will cover every section of the Code of Practice.

If the Company does not fully comply with the Code of Practice, the Company will provide an explanation of the reason for the deviation and what solution it has selected.

2. BUSINESS

The Company's articles of association shall clearly describe the business that the Company shall operate. The business of the Company's and subsidiaries will be conducted in compliance with the objective set forth in the Company's articles of association.

The Board will define clear objectives, strategies and risk profiles for the Company's business activities such that the Company creates value for shareholders in a sustainable manner. When carrying out this work, the Board will take into account financial, social and environmental considerations.

The Board will evaluate these objectives, strategies and risk profiles at least once a year.

3. EQUITY AND DIVIDENDS

The Board will ensure that the Company has a capital structure that is appropriate to the Company's objective, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board will continuously assess the Company's capital requirements related to the Company's objective, strategy and risk profile.

The Company is committed to create long-term value for its shareholders. The Board may resolve to establish and disclose a clear and predictable dividend policy, or alternatively, if the Board considers the Company to be in a phase of growth, the Board may decide not to establish and disclose a dividend policy or to pay dividends.

The background for any proposal to grant the Board an authorization to approve distribution of dividends will be explained.

General authorizations for the Board to increase the share capital and buy own shares will normally be restricted to defined purposes and will, in general, be limited in time to no later than the date of the next annual general meeting of the Company.

4. EQUAL TREATMENT OF SHAREHOLDERS

There is only one class of shares in the Company and all of the Company's shares carry equal rights.

All shareholders will be treated on an equal basis, unless there is a just cause for treating them differently in accordance with applicable laws and regulations. In the event of an increase in share capital of the Company through issuance of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares will be justified. If the Board resolves to issue new shares and waive the pre-emptive rights of existing shareholders pursuant to a Board authorization granted by the general meeting, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the shares issue. The reasons for any deviation from equal treatment of all shareholders in capital transactions will be included in the stock exchange announcement made in connection with the transaction.

Any transactions carried out by the Company in the Company's own shares will be carried out through Oslo Børs and in any case at prevailing stock exchange prices. In the event that there is limited liquidity in the Company's shares, the Company will consider other ways to ensure equal treatment of shareholders. Any transactions in own shares will be evaluated in relation to the rules on the duty of disclosure, as well as in relation to the prohibition against illegal insider trading and market manipulation, the requirement for equal treatment of all shareholders, and the prohibition of unreasonable business methods.

5. SHARE AND NEGOTIABILITY

The shares of the Company are freely negotiable.

The Company will not limit any party's ability to own, trade or vote for shares in the Company.

The Company will provide an account of any restrictions on owning, trading or voting for shares in the Company.

6. GENERAL MEETINGS

All shareholders have the right to participate in the general meetings of the Company, which exercise the highest authority of the Company. The annual general meeting will normally be held before 30 June each year.

The Board will ensure that:

- the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting;
- any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible;
- members of the Board and the chair of the nomination committee have the possibility to attend the general meeting. The Company will, however, normally not have the entire Board attend the general meeting as this is considered unnecessary; and
- the general meeting will normally be chaired by the Chair of the Board or an individual appointed by the Chair of the Board. Having the Chair of the Board or a person appointed by him/her chairing the general meetings simplifies the preparations for the general meetings significantly. In the Company's experience, its procedures for the chairmanship and execution of general meetings have proven satisfactory.

Shareholders in the Company will be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting will be given the opportunity to vote. The Company will design the form for the appointment of a proxy to make voting on each individual matter possible and will nominate a person who can act as a proxy for shareholders.

7. NOMINATION COMMITTEE

The Company shall have a nomination committee, and the nomination committee shall be laid down in the company's articles of association. The general meeting shall stipulate guidelines for the duties of the nomination committee, elect the chairperson and members of the nomination committee, and determine the committee's remuneration.

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 members of the nomination committee shall be selected to take into account the interests of shareholders in general. The majority of the committee will be independent of the Company's Board and the executive personnel. The nomination committee shall not include any of the Company's executive personnel or any member of the Board.

The nomination committee's duties will be to propose candidates for election to the Board and nomination committee and to propose the fees to be paid to members of these bodies.

The nomination committee will justify why it is proposing each candidate separately.

8. THE 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.

The composition of the Board shall ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the Board shall be independent of the Company's executive personnel and material business contacts. At least two of the members of the Board elected by shareholders shall be independent of the Company's main shareholder(s).

The Board shall not include members of the Company's executive personnel. If the Board does include executive personnel, the Company will provide an explanation for this and implement consequential adjustments to the organisation of the work of the Board, including the use of board committees to help ensure more independent preparation of matters for discussion by the Board, cf. Section 9 of the Code of Practice.

The general meeting shall elect the chair of the Board.

The term of office for members of the Board shall not be longer than two years at a time.

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.

9. THE WORK OF THE BOARD

The Board shall issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

These instructions shall state how the Board and the executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. The Board will also present any such agreements in their annual directors' report.

The Board will ensure that members of the Board and the Company's executive personnel make the Company aware of any material interests that they may have in items to be considered by the Board.

In order to ensure a more independent consideration of matters of a material character in which the chair 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 Company shall have an audit committee. The entire Board shall not act as the Company's audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee shall be independent.

The Board will also consider appointing a compensation committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a compensation committee will be restricted to members of the Board who are independent of the Company's executive personnel.

The Board will provide details in the annual report of any board committees appointed.

The Board will evaluate its performance and expertise annually.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board shall ensure that the Company 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 Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The Board shall provide 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.

11. REMUNERATION OF THE BOARD

The remuneration of the Board shall reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. Work in sub-committees may be compensated in addition to the remuneration received for Board membership.

Members of the Board, and/or companies with which they are associated with, shall not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments, this shall be disclosed to the full Board. The remuneration for such additional duties shall be approved by the Board.

Any remuneration in addition to normal directors' fees shall be specifically identified in the annual report.

12. REMUNERATION FOR THE EXECUTIVE PERSONNEL

The guidelines on the salary and other remuneration for executive personnel will be clear and easily understandable, and they must contribute to the Company's commercial strategy, long-term interests and financial viability. The Company's arrangements in respect of salary and other remuneration will help ensure the executive personnel and shareholders have convergent interests, and shall be simple. Performance-related remuneration will normally be subject to an absolute limit.

13. INFORMATION AND COMMUNICATION

The Board shall establish guidelines for the Company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The Board shall establish guidelines for the Company's contact with shareholders other than through general meetings.

14. AUDITOR

The Board shall ensure that the auditor submits the main features of the plan for the audit of the Company to the audit committee annually.

The Board will invite the auditor to meetings that deal with the annual accounts. At these meetings the auditor shall 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 executive management of the Company.

The Board will at least once a year review the Company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

The Board shall establish guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit.