

Principles of Corporate Governance



Statement on corporate governance

In accordance with NUES's recommendation for good corporate governance and Article 3-3b of the Norwegian Accounting Act, the Board of Directors in ArcticZymes Technologies has prepared this policy statement on corporate governance. If the Company deviates from NUES recommendation, AZT will adhere to the "comply or explain" principle for each and every clause in the recommendation.

Business

ArcticZymes Technologies ASA (hereinafter "AZT") is a Norwegian life science company focused on the development, manufacturing, and commercialization of novel and high-quality recombinant enzymes for use in molecular research, In Vitro Diagnostics (IVD) and biomanufacturing.

The Company is creating value from innovative enzyme technologies which capitalise on more than three decades of world-class research at the Arctic University of Tromsø and in collaboration with other national and international partners to offer niche and high-quality products.

ArcticZymes Technologies' products and capabilities are protected via a large portfolio of patents and over 20 years know-how in innovating and manufacturing enzymes.

The Company's core values shall be defined by thoroughness, accountability, sustainability and equality for all areas relating to shareholders, employees, customers and suppliers. The Company has adopted ethical guidelines, which all employees and directors are obliged to comply with.

The Board of Directors has developed a plan where targets, risk assessment and strategies are evaluated on an annual basis.

The Company's activities are also described in Article 3 of the Articles of Association and are posted on the Company's website and published in the current annual report.

Equity and profits

As of 31. December 2021, the Company's equity amounted to NOK 244.8 million. The Board believes that end of year equity is satisfactory.

The Board does not recommend payment of dividends to its shareholders as the Company intends to grow the company inorganically through M&A activities.

At the Annual General Meeting on 20. May 2021, the Board was authorized to issue up to 600,000 shares in connection with employee share schemes. The authorization is valid until the Annual General Meeting in 2022 but no later than 30. June 2022. As of 22. April 2022, 200,000 shares were issued under this authorization. At the Annual General Meeting in 2022, the Board will propose a one-year renewal of the authorization to cover all exercisable options until the Annual General Meeting in 2023.

At the Annual General Meeting on 20. May 2021, the Board was authorized to issue up to 4,830,000 shares in connection with capital increases. The authorization is valid until the Annual General Meeting in 2022 but no later than 30. June 2022. As of 22. April 2022, no shares were issued under this authorization. At the Annual General Meeting in 2022, the Board will propose to update the current authorisation with a new one-year renewal that fits with current legislation and expected needs for inorganic growth initiatives.

At the Annual General Meeting on 20. May 2021, the Board was authorized to purchase up to 150,000 of the Company's own shares as an alternative to issue new shares. The authorization is valid until the Annual General Meeting in 2022 but no later than 30. June 2022. As of 16 March 2022, no shares were purchased under this authorization. At the Annual General Meeting in 2022, the Board will propose a one-year renewal of the authorization.

Equal treatment of shareholders and transactions with related parties

ArcticZymes Technologies has only one class of shares. Each share carries one vote. In the event of capital increases, shareholders' pre-emption rights may be waived in accordance with current authorizations. Transactions may deviate from current market price as exercise price on employee options were determined at allocation.



All material or extraordinary transactions between the Company and shareholders, directors, management or close associates of any such parties shall be evaluated independently by a third party.

The Directors and senior management are also obliged to notify the Board if they have a material interest in any transaction entered into by the Company.

Free marketability

The Company's Articles of Association place no restrictions on trading of shares or voting rights.

General Meetings

Through General Meetings, shareholders are guaranteed participation in the body that is the highest authority in the Company. This is where the

Company's Articles of Association are adopted. Notice of General Meeting's shall be distributed to shareholders no later than 21 days prior to the meeting and shall be posted on the Company's website. In general, supporting documents will only be posted on the Company's website. The registration deadline for General Meetings is normally the day before the meeting. Shareholders who cannot attend the meeting may vote by proxy. The Company will propose a person to vote as a proxy for shareholders and will facilitate proxies at the General Meetings so that shareholders can authorize the proxy in each case. The supporting documents describe procedures that apply for participation, proxy forms, procedures for submitting proposals for discussion and information on where documents are available. Generally, the Chairman of the Board opens the meeting and suggests a person to chair the meeting. Normally, members of the Board, election committee,

auditor and management will attend the meeting. Minutes of General Meetings will be made available on the Company website and on the stock exchange.

Nomination Committee

The Company has a Nomination Committee consisting of three members elected by the Annual General Meeting for two-year terms. According to article 6 of the Articles of Association, the members of the Committee shall be shareholders or representatives of shareholders. The Nomination Committee shall arrange for shareholders to propose candidates to the Board of Directors. The Annual General Meeting elects the chair of the Nomination Committee and determines the remuneration of its members. At the Annual General Meeting in 2021, Jon Sandberg was elected chairman, while Arne Handeland and Jan Gunnar Hartvig were elected as members. The election committee is independent of the Board and management in the Company. Instructions for the Nomination Committee have been adopted by the Annual General Meeting and are available on the Company's website.

Corporate assembly and Board, composition and independence

The Company has no corporate assembly. According to the Articles of Association, the Board must consist of between 3 and 8 members. The Board has currently 4 members, whereas 3 are elected by shareholders and 1 is elected by employees. The Board members are considered independent of the Company's main shareholders. Directors of the Board and the Chairman are elected by the Annual General Meeting in accordance with the Company's Articles of Association. The Director's term (election period) should not exceed two years. The employee elected board member is also part of the senior management team. This is not in line with NUES recommendation for good Corporate Governance. The employee elected board member was elected prior to current position in senior management team. The employee elected board member will not sign up for re-election when the term expires in April/May 2022. Information about the Directors is available on the Company's website.

The Work of the Board of Directors

The Board has the overall responsibility for managing, supervising the daily management and operations of the Company. Instructions have been prepared for the Board's work. At the end of each year, the

Board determines a plan for its work covering matters the Board is required by legislation and regulation to consider and other topics that are essential for the Board to follow-up in the following year. There subsists job descriptions for the CEO and other senior managers. The Board evaluates its own work and competence at least once a year. The evaluation is submitted to the Nomination Committee. The Board, together with the Compensation Committee evaluates the work of the CEO and other senior managers at least once per year. This includes evaluating the achievement of pre-defined and agreed goals.

The Board had 10 board meetings in 2021, where all were digital meetings.

The Board has established a Compensation Committee and an Audit Committee. Both committees have independent members chosen amongst the Board members. The Audit Committee is a preparatory body to assist the Board in meeting its responsibilities with regard to financial reporting, auditing and internal control while the Compensation Committee consider reimbursement for the CEO and senior managers. Specific instructions have been prepared for the work of both Committees.

Senior management representatives of the parent Company have been appointed as Directors of the Group's subsidiary.

Risk management and internal control

Together with the Company's auditor, the Audit Committee and the Board carry out an annual review of the Company's internal controls. A financial handbook describing the Company's financial management is established. The Company's quality system safeguards procedures for risk management and internal control processes and products in accordance with applicable regulations and customer requirements. The enzyme operation and ArcticZymes was ISO13485 approved in December 2017 and has annual audits to uphold the registration. The Board is of the opinion that the Company's internal control is sufficient. There exists various levels of risk related to the Company's operations. The Board considers that the Company's main areas of risk relate to:

- General risks associated with government regulation and competition

- Financial risks related to currency exchanges
- Risks associated with the result and commercial adaptation of long-term product development
- Patent risks
- Risks related to key personnel and the possibility of losing this type of personnel
- Product liability
- Key suppliers and dependence thereon
- Legal disputes which may arise

Procedures have been established for handling insider information and infringement of internal policies and procedures, which apply to all employees. The procedures reflect the guidelines of the Oslo Stock Exchange and MAR regulations implemented 1st March 2021. Procedures have also been established for the regular reporting of financial statements. Furthermore, management reports to the Board on the progress of the Company's development and other operational processes at least once a month. The Board must continuously verify that the Company lives up to its values and follows its ethical guidelines.

Remuneration of the Board

The Annual General Meeting, based on a proposal from the Election Committee, determines the Board's remuneration. The level of remuneration should reflect the Board of Directors' responsibility, expertise, the complexity of the Company, as well as time spent and the level of activity in both the Board of Directors and any board committees.

The remuneration of the Board of Directors shall not be linked to the Company's performance.

The Annual General Meeting in 2021 set the remuneration for the Chairman of the Board to NOK 425,000 and NOK 225,000 for each of the members. The remuneration of the employee representative constitutes 50% of the remuneration for the regular board member. The employee observer does not receive any remuneration. Remuneration for the Chairman of the Audit and Compensation Committee are NOK 50,000 and NOK 25,000 for each member. The board had 10 virtual meetings in 2021 plus some additional work meetings. The defined remuneration for the Board and subcommittees shall apply from the decision date until the next Annual General Meeting.

At the Annual General Meeting in 2020, the Chairman of the Board received 200,000 options whereas the

two other board members received 100,000 and 15,000 options, respectively. The options have 5 years to maturity, exercise period from year 3-5 and a strike of NOK 10.19 per share. This award is not in line NUES recommendation for good corporate governance, but it was proposed and recommended by the Nomination Committee.

Any consideration paid to members of the Board of Directors in addition to their board remuneration shall be specifically identified in the annual report.

Severance or pension schemes have not been established for the Board members.

Remuneration for senior managers

The Board shall establish guidelines for the remuneration of senior executives, which shall be presented to the Annual General Meeting. The Board shall determine the remuneration of the CEO in accordance with these guidelines. The CEO in consultation with the Board shall determine the remuneration of other senior executives. The Board's decision on remuneration of the CEO and the principles for reimbursement of other senior executives are based on proposals from the Compensation Committee. The Board determines the charter for the Compensation Committee. The Compensation Committee shall seek schemes to encourage long-term value creation in the Company. Overall remuneration shall be competitive with comparable companies. Option schemes have been established.

According to the Public Limited Liabilities Act § 6-16b, remuneration of senior executives is described in a separate report to the annual report.

Information and communication

The Board has established guidelines for information and reporting to the stock exchange. The guidelines have been formulated in accordance with applicable legislation and stock exchange regulations. The Company provides equal and simultaneous information to the stock market. The Company holds investor presentations in connection with the publication of quarterly reports. Generally, these quarterly presentations are published as webcasts. Notifications are posted on the Company's website at the same time the information is disseminated to the market. The Board has also established guidelines for communication with the media.

In addition to the Board of Directors' dialogue with the Company's shareholders in the general meetings, the Board of Directors should make suitable arrangements for shareholders to communicate with the Company at other times to enable the Board of Directors to develop and understand which matters affecting the Company from time to time are of particular concern to its shareholders. Communications with the shareholders should always be in compliance with the provisions of applicable laws and regulations and in consideration of the principle of equal treatment of the Company's shareholders. In accordance with internal procedures, the CEO is the main contact for communication with shareholders.

Acquisition

The Board has not implemented measures intended to prevent or impede any offers for the Company's shares. The Board will obtain valuation from an independent expert and issue a recommendation on whether shareholders should accept a takeover offer or not. The Board is committed to ensure that all shareholders are treated equal.

In a take-over process, the Board of Directors and executive management each have an individual responsibility to ensure that there are no unnecessary interruptions to the Company's business activities. The Board of Directors has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer.

Audit

The Company's auditor, PWC, was elected at the Annual General Meeting in 2019. The responsible partner is Ørjan Renø. The auditor's plan for the audit work shall be presented to the Audit Committee. The Company's internal control procedures must be reviewed once a year in a meeting between the auditors, the Board and the Audit Committee. The auditor shall participate in Board meetings concerning the annual report. The Board and auditors shall meet once a year without the presence of the administrative management. The auditor has provided a written statement regarding compliance with independence requirements. An overview of the services the auditor carries out in addition to the audit is presented and approved by the Board in connection with the annual report. The Annual General Meeting shall be informed about how the remuneration of the auditor is divided between auditing and other services. The auditor shall participate in the Annual General Meeting if this is considered necessary.

