

Corporate governance in SoftOx

SoftOx is committed to Good Corporate Governance

SoftOx considers good corporate governance to be a prerequisite for sustainable value creation and trustworthiness, and for access to capital. SoftOx is committed to good corporate governance practices based on good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations.

The Board of Directors has established a set of governance principles in order to ensure a clear division of roles between the Board of Directors, the executive management and the shareholders.

The principles are based on compliance with relevant parts of the Norwegian Code of Practice for Corporate Governance ("the Code").

SoftOx is not subject to annual reporting requirements on corporate governance but has chosen to issue a corporate governance statement as part of its annual report, with explanations to any deviations from the Code.

The annual statement on corporate governance for 2021 follows below. The statement was approved by the Board of Directors May 2022 and follows the structure of the latest version of Code, dated 14 October 2021.

1. Implementation and reporting on corporate governance

The Company will seek to comply with the Corporate Governance Code. The Board of Directors shall include a report on the Company's corporate

governance in its annual report, including an explanation of any deviations from the Corporate Governance Code.

Deviations from the Code: 2021 is the first year SoftOx is reporting on corporate governance, and there are some minor deviations. Although the Company is not a listed company on the main list at Oslo Børs and hence not required to comply or report on compliance with the Code, the Company will seek to comply on all steps in the coming years.

2. Business

The Company's operations comply with the business objective set forth in its articles of association section 3: "The Company's objective is to undertake research and development for use in humans and veterinary medicines, including medicines, medical equipment and disinfection products". The Company has developed clear goals and strategies which are further described in the annual report for 2021.

SoftOx Solutions AS is seeking to advance the infection market with a strong science-based technology. By developing and selling new, revolutionary disinfection and infection treatment products, SoftOx is obligated to deliver safe and high-quality innovative products at reasonable prices. SoftOx has developed and established guidelines that lay down the ethical standards and procedures. The Board of Directors of the Company has adopted

several corporate governance guidelines, including code of conduct, anti-corruption policy, rules of procedure for the Board of Directors, corporate governance, guidelines for remuneration, Investor Regulations policy, and guidelines for corporate social responsibility.

Deviations from the Code: None

3. Equity and dividends

Capital adequacy

SoftOx had total equity on 31 December 2021 of NOK 109,7 million, corresponding to an equity ratio of 85,7 percent. The Board of Directors considers this to be an adequate level relative to the risk and scope of operations based on the Company's internal estimated capital requirements. The Company's capital situation is continuously monitored, and the Board of Directors will take adequate steps to capitalise the Company if deemed necessary.

Dividend policy

SoftOx is focusing on the research and development and does not anticipate paying any cash dividend until sustainable profitability is achieved. The Company does therefore not have a dividend policy and has previously not distributed any dividends to its shareholders.

Board authorisations

At the Company's extraordinary general meeting, held on 29 December 2021, the Board of Directors was granted the following authorisation:

- The Board of Directors is granted an authorisation to increase the Company's share capital by up to NOK 40,300, which constitute 20% of the Company's outstanding shares. The purpose of the authorisation is to permit the issue of new shares as consideration in connection with acquisitions, in connection with the exercise of options to subscribe for shares and to raise new equity to strengthen the Company's financing.

For supplementary information on the authorisations, reference is made to the minutes of the annual general meeting held on 29 December 2021, available on the Company's website.

Deviations from the Code: None, except the Company do not have a dividend policy.

4. Equal treatment of shareholders and transactions with close associates

SoftOx has only one class of shares. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

Share issues without preferential rights for existing shareholders

In the event of a share capital increase through the issue of new shares, a decision to waive the existing shareholders' preferential rights to subscribe for shares shall be justified. Where the Board of Directors resolves to issue shares and waive the preferential rights of existing shareholders pursuant to an authorisation granted to the Board of Directors by the general meeting, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the share issuance. In 2021, there has been one completed share capital increase where existing shareholders rights and equal treatment have been secured by subsequent offerings.

Transactions in treasury shares

Any transactions in treasury shares shall be carried out through Euronext Growth, Oslo, and in any case to prevailing stock exchange prices. In the event that there is limited liquidity in the Company's shares, the Company will consider other ways to cater for equal treatment of shareholders. There were no such transactions in 2021.

Approval of agreements with shareholders and close associates

For transactions that are considered to be not immaterial between the Company and its closely related parties, the Board of Directors will arrange

for an independent and fair valuation. Members of the Board of Directors and executive personnel are required to notify the Board of Directors when such members have any significant, direct or indirect, interest in a transaction carried out by the Company. In 2021, SoftOx received a short-term loan from one of the shareholders, Almhaug Bolig AS. The loan included a one-year option for buying shares equal to the value weighted stock price the last five days before signing the contract minus 5%. The Board considered the agreement to be within equal treatment of all shareholders.

Deviations from the Code: None

5. Shares and negotiability

The shares of the Company are freely negotiable, and the Company's articles of association do not place any restrictions on the negotiability of shares.

Deviations from the Code: None



6. General meetings

The general meeting is open to all shareholders, and SoftOx encourages all shareholders to participate and exercise their rights in connection with the Company's general meetings. The right to participate and vote at the general meeting can only be exercised for shares registered in the shareholders' register by the fifth business day prior to the day of the general meeting.

Notice of a general meeting and any supporting documents, other information on the resolutions to be considered, shall be made available on the Company's website no later than 7 days prior to the date of the general meeting. The deadline for registration will be set as close to the meeting as possible, and all the necessary registration information will be described in the notice.

Shareholders unable to attend may vote by proxy. Whenever possible, the Company will prepare a proxy form that will allow separate votes for the items that are to be considered in the general meeting. The agenda for the annual general meeting is stipulated by the articles of association, and the main topics to be considered include the approval of the annual accounts and the Director's report. The Chairman of the Board is normally the chairperson for the general meeting. If there is disagreement on individual items for which the Board Chairman belongs to one of the factions or is not regarded as being impartial for other reasons, another chairperson will be appointed to ensure

impartiality regarding the items to be considered. The chairperson of the Board of Directors, the CEO and the CFO shall, as a general rule, be present at the annual general meeting. Representatives of the Nomination Committee, as well as the auditor, should be present at general meetings where matters of relevance for such committees/persons are on the agenda.

Minutes from the general meetings will be published in accordance with the stock exchange regulations. In 2021, SoftOx held its annual general meeting on 12 April. In addition, extraordinary general meetings were held on 29 December. In accordance with Norwegian provisional legislation exempting companies from physical meetings requirements, the meetings were held virtually.

Deviations from the Code: None.

7. Nomination Committee

The Nomination Committee of SoftOx consists of two members. The Nomination Committee is responsible for recommending candidates for the election of members and Chairman of the Board of Directors. The current Nomination Committee consists of:

- Dag Vangsnes
- Kristian Almås

All members are considered independent of the Company's Board of Directors and executive management. All shareholders are entitled to nominate candidates to the Board and contact

information for proposing candidates can be found on the Company's website.

Deviations from the Code: The committee has not been included in the articles of association and elected by the General Meeting.

8. Board of Directors, composition, and independence

Pursuant to Article 5 of the Articles of Association, the Board of Directors shall consist of between one and six members. The current Board of Directors consists of four members, of whom one is a woman and three are men. All members are elected for a term of two years and may be re-elected. The Board is independent of the Executive Management and material business contacts, more than two members are independent of the main shareholders, and none of the Company's executive managers serve on the Board of Directors. The Company's annual report provides information to illustrate the expertise of the members and their record of attendance at Board meetings. Board members are encouraged to own shares in the Company.

Deviations from the Code: None



9. The work of the Board of Directors

The Board of Directors is responsible for establishing a strategy and plans for the Company, a control system that ensures that the Company satisfies the law's requirements, articles of association and requirements for Corporate Governance and ethical standards in addition to monitoring the business operations of the Executive Management.

The Norwegian Companies Act regulates the duties and procedures of the Board of Directors. In addition, the Board of Directors has adopted supplementary rules of procedures, which provides further regulation on inter alia the duties of the Board of Directors and the CEO, the division of work between the Board of Directors and the CEO, the annual plan for the Board of Directors, notices of Board proceedings, administrative procedures, minutes, transactions between the Company and the shareholders and confidentiality.

At the meetings of the Board of Directors, which are held approximately every two months, the CEO updates the Board on the operational and financial developments of the Company. The Board of Directors reviews and evaluates its work annually.

Deviations from the Code: The Company does not have an audit committee or Remuneration committee since it is not a requirement for a small and medium-sized company. For 2022, a remuneration committee will be established.

10. Risk management and internal controls

SoftOx Solutions AS has the responsibility for the establishment of a risk management and internal control system that complies with regulations applicable for the activity. The company are implementing comprehensive set of procedures, risk assessments, policies and manuals that provide detailed descriptions of activities in all aspects of the products, including development, clinical studies, controls, manufacturing, and finance. All procedures always reflect best practice and SoftOx strives for simplicity in all its operations to minimise the risk of mistakes but never to compromise on quality and compliance. SoftOx ensures compliance with the General Data Protection Regulation (GDPR) and human resources process to protect employee data.

Deviations from the Code: The Board of Directors has carried out a review of the Company's most important areas of exposure to risk and its internal control arrangements every two years but will in the coming year have an annual review and are continually improving the process.

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors shall be decided at the Company's general meeting when they are elected, and should reflect the Board of Directors' responsibility, expertise, time commitment

and the complexity of the Company's activities. Consultancy work performed by board members which is not included in this remuneration shall be invoiced according to a written agreement between the rest of the Board and the Board member and the amount invoiced each year will be identified in the annual report. The remuneration to the Board of Directors consists of an annual fee and starting share options.

Deviations from the Code: None, except starting share options.

12. Remuneration of the Executive Management

The Company recognises the importance of attracting and retaining key employees and executive managers, and the compensation package is regarded as an important tool in this respect. The Company has an option scheme which aims to align the long-term interests of the Executive Management with those of the shareholders. The options are granted subject to the achievement of defined targets for the past year. Warrants typically vest over a period of five years and are granted annually with a strike similar or above stock price at the year end. For further information about the remunerations, reference is made to remuneration policies.

Deviations from the Code: None

13. Information and Communications

General

The Company has targeted investor relation activities with the aim to consistently provide the market with timely and accurate information. The Company's reporting of financial and other information is based on openness and considers requirements for equal treatment of all investors. The Board will seek to ensure that market participants receive correct, clear, relevant and up-to-date information in a timely manner, considering the requirement for equal treatment of all participants in the securities market.

The Company will each year publish a financial calendar, providing an overview of the dates for major events such as its ordinary general meeting and publication of interim reports.

Information to shareholders

All information distributed to the Company's shareholders will be published on the Company's website approximately at the same time as it is sent to shareholders. The Chairman of the Board and the CEO are authorised to speak on behalf of the Company, and delegate such authority as is appropriate in relevant cases.

Deviations from the Code: None

14. Take-overs

There are no defence mechanisms against take-over bids in the Company's articles of association, nor have other measures been implemented to specifically hinder acquisitions of shares in the Company. In the event of a take-over process, the Board of Directors and the executive management will ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board of Directors has a special responsibility in ensuring that the shareholders have sufficient information and time to assess the offer. In addition to complying with relevant legislation and regulations, the Board of Directors will seek to comply with the recommendations in the Code of Conduct, including a valuation from an independent third-party. On this basis, the Board of Directors will make a recommendation as to whether the shareholders should accept the bid. The Board of Directors has not established any other written guidelines for procedures to be followed in the event of a take-over bid, as such situations normally are characterised by specific and one-off situations which makes guidelines challenging to prepare.

Deviations from the Code: The Company has not established separate principles for how to act in a take-over situation as described.

15. Auditors

The Company's auditors, Berge Lundal, is regarded as independent in relation to SoftOx. The auditors provide a statement each year confirming their independence. The auditors attend the board meeting at which the Board of Directors discusses the annual financial statements, accounting principles and other relevant matters. At each year's annual general meeting, the Board of Directors discloses the fees paid to the auditors.

Deviations from the Code: None, except guidelines in respect of use of the auditor has been established.