

Vistin Pharma ASA

## **INSTRUCTIONS TO THE BOARD OF DIRECTORS**

(Resolved by the Board on 16 April 2015)

The purpose of these instructions (the "Instructions") is to give an overview of the function, duties and responsibility of the Board of Directors (the "Board"), as well as procedures for Board meetings and the Chief Executive Officer's (the "CEO") responsibility and duties to the Board.

These Instructions apply to the Board of Vistin Pharma ASA (the "Company") and the business of the Company.

### **1. THE ROLE OF THE BOARD**

The Board shall contribute with expertise and experience to management. It shall set the vision, values and long term objectives of the Company, and is only subject to the General Meeting.

### **2. THE DUTIES OF THE BOARD**

The duties of the Board are subject to the existing laws, articles of association, powers and instructions given by the General Meeting, these Instructions and the Vistin Pharma ASA Corporate Governance Policy.

The main duties of the Board may be divided in:

- The Board's administration of the Company, cf. the Norwegian public limited liability companies act (the "Companies Act") § 6-12
- The Board's supervisory responsibility, cf. the Companies Act § 6-13

The Board shall in general get involved and consider all matters that are significant to the Company's financing, operational performance and long term development.

#### **2.1 The Board's administration of the Company**

##### **2.1.1 Administration and organization**

The Board shall ensure an adequate organization of the business, including appointment and discharge of the CEO and issuing of instructions to him (the Companies Act § 6-2)

The Board is responsible for issuing any incentive programs for the management of the Company.

##### **2.1.2 Budgets, planning and strategy**

The Board shall approve the overall strategy, business plans and budgets. The strategy discussions shall be finalized well in time before the yearly budget process is started. The Board shall, when necessary, timely initiate discussions on strategic areas, especially within re-structuring and/or change of the administration and/or the management.

### 2.1.3 Financial administration and supervision

Through an adequate monthly reporting system, the Board members shall keep themselves fully updated on the Company's operational and financial development. The information shall be given in a meeting and/or in writing.

#### *Annual report and accounts*

The annual report and the annual accounts shall be submitted to the Board for approval within relevant legal time frames. The Board shall submit its annual report, which shall include information about net profit or loss and prospects for the future. (cf. the Accounting Act § 3-3, cf. § 3-8).

#### *Dividend policy*

The Board shall, in cooperation with the management, issue the Company's dividend policy and shall annually submit proposal for distribution of dividend to the General Meeting.

### 2.2 The Board's supervisory responsibility

The Board shall supervise the management of the Company's business in general. The Board may issue instructions for the Chief Executive Officer.

### 2.3 Adequate equity

The Board shall see to that the Company at all times are funded and financed adequately in terms of the risk and scope of the Company's business.

### 2.4 The Board's duties in relation to the General Meeting

#### *Authority to convene and preparation of proposals to resolutions*

The General Meetings are convened by the Board (the Companies Act § 5-9). The Board shall prepare all matters which shall be considered by the General Meeting.

#### *Attendance at the General Meetings*

Directors of the Board and the CEO have the right to attend and speak at General Meetings. The Chairman of the Board and CEO shall attend General Meetings unless the General Meeting in each case shall decide otherwise (the Companies Act § 5-5).

#### *Duties in regards to the annual reports and accounts*

The Board shall submit its proposal to profit and loss account and balance sheet, and its proposal to application of profit or coverage of loss to each shareholder (the Companies Act § 5-6 nr 2) preferably together with the notice to the General Meetings, but not later than one week before the matter shall be considered by the General Meeting.

## 2.5 Other responsibilities

### *Other legal duties*

The Board shall be responsible for all other duties which are attributed to the Board pursuant to laws or the Articles of Association, and the Board shall keep itself informed about or resolve matters which in the opinion of the administration or the Chairman of the Board is natural or required.

## 3. CEO'S RESPONSIBILITIES AND DUTIES TO THE BOARD

### 3.1 Day-to-day administration

The CEO is in charge of the day-to-day administration of the Company's business and shall comply with the guidelines and instructions issued by the Board. The day-to-day administration does not comprise matters which by the Company's standards are of an unusual kind or major importance.

The CEO may decide matters under authorization from the Board in each case or whenever the Board's decision cannot be awaited without major detriments to the Company. The Board shall be notified as soon as possible of the decision.

The CEO shall ensure that the Company's accounts are in accordance with laws and regulations, and that the capital management is safely organized.

### 3.2 CEO's duties to the Board

The CEO shall on a monthly basis, in a meeting or in writing, ensure that the Board is furnished with information on the Company's financial and operational performance.

The CEO shall regularly inform the Board of achieved results and plan of action in relation to health, environment and security.

The Board may at any time require the CEO to furnish the board with a detailed report on specific matters. Such report may also be demanded by each of the Directors.

The CEO shall prepare matters that are to be dealt with by the Board in consultation with the Chairman of the Board. Matters shall be prepared and submitted so that the Board has adequate basis for its consideration.

Documents and other material which is the basis for resolutions shall be distributed to the Directors of the Board normally one week before the matter shall be considered.

## 4. THE BOARD'S PROCEDURES

### 4.1 Board proceedings

The Board shall deal with matters in meetings unless the Chairman finds that the matter can be submitted in writing or dealt with in some other adequate manner. The Chairman shall ensure that the Directors wherever possible can participate in a collective consideration of matters that are dealt

with outside meetings. The Directors and the CEO may require the matter to be dealt with at a meeting.

Board proceedings are conducted by the Chairman. If neither the Chairman nor the deputy Chairman participates, the Directors will elect an ad hoc Chairman for the proceedings.

The CEO has the right and obligation to participate in the Board's dealing with matters and to speak, except as otherwise decided by the Board in each case.

Quorum requirements shall be in accordance with the Companies Act § 6-24, and resolutions shall be adopted by a majority required by the Companies Act § 6-25.

#### **4.2 Notice of board proceedings**

The Chairman shall ensure the consideration of matters that pertain to the Board and is responsible for convening the board meetings. Each Director and the CEO may require the Board to deal with specific matters.

Board meetings shall be convened in writing, by e-mail, telefax or telephone, specifying the agenda and time and place of the meeting if possible. Meetings convened by telephone shall be confirmed in writing. If possible the meeting shall be convened with one week's prior notice. In special circumstances the meeting may be convened with shorter notice.

Normally there should be 4 – 8 ordinary board meetings annually. The dates of ordinary board meetings in a financial year shall be set at the last Board meeting of the foregoing year, unless the Board decides otherwise.

Extraordinary board meetings should be convened with at least one week notice, but the Board may be convened on shorter notice if the nature of the matter requires immediate board consideration.

Subject to Board approval, the representatives of the administration, experts and other persons which has relevant information may be convened to the board meetings.

#### **4.3 Objectives and plans for the work of the Board**

Based on the Company's vision, values and objectives, the Board shall annually prepare a long term plan for board matters, which describes the central issues which the Board wishes to focus on in the coming year. When the Board prepares the long term plan, it shall also evaluate its work in the previous year in relation to last year's plan.

#### **4.4 Delegation of authority, committees**

The Board may delegate certain matters to the Chairman or to one or more committees originating from the Board.

#### 4.5 **Board minutes**

Minutes shall be kept of the Board's deliberations. It shall at least give the time and place, name the participants, the mode of procedure and the Board's resolution. It shall state that the procedure satisfies the quorum requirements (the Companies Act § 6-24).

If the Board's resolution is not unanimous, the names of those having voted for and against shall be stated. Directors and the CEO who do not agree with a resolution may require their opinion to be entered in the minutes.

The minutes shall be signed by all the Directors who have participated in the board discussion. The other Directors shall endorse that they are familiar with the content of the minutes. The minutes shall be distributed to the Directors as soon as possible after the board meeting, allowing them a period in which to return their comments that shall be included in the minutes (the Companies Act § 6-29). The minutes shall be approved in the next board meeting.

#### 4.6 **Disqualification**

A Director of the Board may not participate in the discussion or resolution of any matter which is of such particular importance to himself/herself or any related party that he/she must be deemed to have a special or prominent personal or financial interest in the matter. The same rule applies to the CEO. For the purpose of this clause, related parties also mean companies in which one is a board director.

Nor may a Director or CEO participate in any decision or grant a loan or other credit to himself/herself or to issue security for his/her own debt.

#### 4.7 **Confidentiality**

All Directors of the Board have a duty of confidentiality regarding confidential Company matters which they become familiar with and negotiations and voting in the Board and its committees. Information to outsiders may be given by the Chairman or the CEO only.

### 5. **THE BOARD'S AUTHORISATION**

The rules regarding the Board's composition and term of service are stated in the articles of association §5.

The Board represents the Company in its dealings with third parties and signs for it. The signing rights of the Company are set out in the articles of association. The Board may also authorize Directors, CEOs or named employees to sign for the Company (the Companies Act § 6-31). Such powers to sign for the Company may be revoked at any time.

Furthermore, the Board may grant power of attorney. The power of attorney includes all that relates to the administration of the Company, with the exception of the transfer and encumbrance of the Company's property and to appear on behalf of the Company in lawsuits.

## 6. THE BOARD'S LIABILITY

The Board's principal responsibility for the administration of the Company follows from the Norwegian Company legislation.

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