

Corporate governance - Solon Eiendom ASA

INTRODUCTION

The governance processes of Solon Eiendom ASA ("Company") are intended to contribute to a long term value creation and profitability.

The corporate governance of Solon Eiendom ASA shall be of a high standard. The Company has implemented the "Norwegian recommendations for Corporate governance" applicable at any time. This document will provide a statement on how Solon Eiendom ASA complies with the items set out in the recommendation.

1. Statement regarding corporate governance

To establish a good corporate governance Solon Eiendom ASA has adopted governance principles and guidelines that will create trust, contribute to value creation and profitability over time. This includes ethical guidelines and other policy documents prepared in accordance with applicable laws, regulations and guidelines, together with the value base of the Company. It is established a clear distribution of responsibility between the owners, the board of directors and the executive management of the Company. It is the board of directors who holds the ultimate responsibility for the corporate governance of the Company.

2. Activities

The activities of Solon Eiendom ASA are defined and described in the Company's articles of association. The articles of associations are available at www.soloneiendom.no. The objects clause of the Company reads:

The company's purpose is to invest in and develop property and/or rights within the biotechnology and pharmaceutical area, invest in other companies and participate in other related activities.

The board of directors decides on the Company's main strategy and objectives within the limits of the articles of association. Such decisions will be published in the Company's annual report.

3. Company capital and dividends

Over time, the dividend should reflect the earnings trend in operating activities. The aim is to manage the group's resources in such a way that shareholders achieve a return in the form of dividend and share price appreciation which is competitive with comparable investments. The average dividend over a business cycle should correspond to 50 percent of consolidated profit after tax.

On 14 December 2016 the shareholders granted a general authorisation to the board to issue new shares equalling 10% of the issued share capital. The authorisation is valid two years from issuance. The authorisation does not comply with the recommendation. In the

view of the Company it is desirable to grant the board such authorisation to ensure sufficient flexibility.

4. Equal treatment of shareholders and transactions with related parties

Equal treatment of shareholders

The Company has one share class, in which all shares have equal voting rights. The articles of association of Solon Eiendom ASA do not limit the voting rights of the shares. It should be emphasized that all shareholders are treated equally, are given the same information and have the same right to influence and preferential right of participation in any capital increases.

Any exceptions from the principle of equal treatment or the preferential right of participation in any capital increases shall be based on sound reasons, published and only occur in special circumstances and be in the joint best interest of the Company and the shareholders as a group.

Transactions with related parties

Solon Eiendom ASA considers it important to demonstrate openness and caution in relation to investments, agreements and transactions that might be considered unfortunate between the Company, a shareholder, a member of the board of directors, a leading employee, or a related party to such parties. To ensure a good reputation and a sound handling of any such issues, the Company has established guidelines for interaction between the mentioned parties, which is described in the instructions to the board of directors, instructions to the management, instructions on risk management and internal control as well as in the ethical guidelines.

If the Company shall enter into a non-immaterial agreement or transaction with a related party, this can only be done on market terms based on valuations from an independent third party.

5. Free negotiability

Solon Eiendom ASA has no ownership or trading restrictions affecting the Company's shares laid down in the articles of association.

6. General meeting

Solon Eiendom ASA shall facilitate that the shareholders of the Company can exercise their ownership rights by participating in the Company's general meeting in such a way that the general meeting becomes an effective forum for both shareholders and the board of directors. The general meeting constitutes the Company's highest authority. The chairman of the board of directors, the CEO, the Chairman of the nomination committee and the Company's auditor shall attend the meeting. The Company shall facilitate in such a way that as many shareholders as possible can participate at the general meeting, and shall hereunder ensure that the notice and agenda documents, together with the Nomination Committee's recommendations, are issued to the shareholders and made available at

www.soloneiendom.no with a minimum of 21 days' notice. The agenda documents shall include all information necessary for the shareholders to decide on the issues to be dealt with at the meeting.

The shareholders' registration for the general meeting shall be made within the deadline given in the notice. The deadline shall be set as close to the date of the general meeting as possible. Shareholders who are unable to attend the general meeting in person are welcome to vote by proxy and proxies may be granted for each individual case that is discussed. The notice of the general meeting shall include proxy forms and information regarding participation by proxy.

The general meeting shall be opened by the chairman of the board of directors, which shall facilitate the election of a chairperson for the meeting. The general meeting shall elect a chair person for the meeting. If disagreements on the election might occur, a proposal for an independent chairperson shall be prepared.

The general meeting shall approve the Company's annual accounts, report and the board of directors' statement on determination of salary and other remuneration to the executive management. In addition, the general meeting shall elect the Nomination Committee and the chairman of the Nomination Committee. The general meeting shall further address all other items to be dealt with by the general meeting according to applicable law or the articles of association.

The minutes from the general meeting shall be made available on the Company's website as soon as possible and no later than 15 days after the general meeting is held.

7. Nomination Committee

The Nomination Committee is established in the Company's articles of association. The general meeting has adopted instructions for the Nomination Committee's activities and tasks.

The committee shall consist of two to three members. The members of the committee shall be independent of the board of directors and the executive management of the Company. The composition of the committee shall reflect the interests of the shareholders. The committee and its chairperson shall be elected by the general meeting for a period of 2 years at a time.

The Nomination Committee's tasks are to provide recommendations to the general meeting for the election of board members and remuneration of said members. The committee's recommendations shall provide justification for the recommendations and shall in addition include information the candidates and an evaluation of the candidates' independence and suitability. The nomination should be anchored with the Company's largest shareholder and fulfil any requirements imposed by applicable law and regulations.

8. Corporate assembly and board of directors, composition and independence

Solon Eiendom ASA has due to its size no corporate assembly.

The Company has due to its number of employees and revenue no employee representative(s) on the board of directors. The board of directors shall according to the articles of associations consist of 3 to 8 members. The members of the board of directors are elected at the general meeting for a period of 2 years.

The Company shall aim to have a diversified board with a competence and expertise adapted to Solon Eiendom ASA's needs. Information on the members of the board of directors' qualifications and experience will be available at the Company's website.

To ensure the board of directors' independence, the majority of the board of directors shall at any time be independent from the Company's management, the Company's competitors and main business associates. Further, at least 2 of the members of the board of directors selected by the shareholders should be independent of the Company's main shareholders. Detailed regulations on the board of directors' independence are set out in the Company's instructions to the board of directors. An overview of the members of the board of directors' shareholdings is published in the notes to the annual report of the Company.

9. The work of the board of directors

The board of directors has the overall responsibility for the management of Solon Eiendom ASA. This involves overseeing the management of the day-to-day operation and the business of the Company. The management shall be carried out in a proper manner with respect to shareholders, employees, creditors and other third parties. The board of directors shall ensure that the operations of the Company are organized in a proper manner, and ensure that the operations comply with applicable law and regulations, and is object to adequate control. The board of directors shall adopt business strategies in accordance with the vision and value base of Solon Eiendom ASA. Matters of significance or unusual nature shall be considered by the board of directors. The board of directors shall ensure that the decisions adopted by the general meeting are implemented. The board of directors is responsible for establishing routines for risk management and internal control, particularly on financial reporting and the relations to Oslo Børs. The board of directors appoints the chief executive officer (CEO) and adopts instructions, authorisations and conditions of employments for the chief executive officer.

INSTRUCTIONS FOR THE BOARD OF DIRECTORS

The board of directors has adopted instructions for the board of directors, which provide guidelines and regulations for the board of directors' tasks and form of procedure. The board of directors shall annually evaluate the instructions and its performance as the board of directors of the Company. The result of the evaluations shall be made available to the Nomination Committee. The instructions for the board of directors shall regulate the areas of responsibility, tasks and the division of roles between the board of directors and the CEO. The chairman is responsible to ensure that the work of the board of directors is carried out in a proper and efficient manner.

INSTRUCTIONS FOR THE CHIEF EXECUTIVE OFFICER

The board of directors has adopted instructions for the chief executive officer regarding the chief executive officer's authority, responsibilities, authorisations and the division of roles between the board of directors and the chief executive officer. The chief executive officer is the one responsible for the day-to-day operation of the business of the Company. The chief executive officer is responsible for ensuring that the Company's financial statements are in accordance with applicable law and regulation and that the Company's operations and assets are managed in accordance with the Company's values in a proper manner. The chief executive officer shall keep the board of directors continuously informed of the Company's financial status, operations and the management of the Company's assets. The chief executive officer is obliged to bring matters of significance or unusual nature to the board of directors for their assessment.

COMMITTEES OF THE BOARD OF DIRECTORS

Solon Eiendom ASA has appointed an Audit Committee, as preparatory and advisory bodies to the board of directors. The board of directors has adopted instructions, which define the committee's tasks and form of procedure.

The Audit Committee is appointed by the board of directors and shall consist of 2-3 members from the board of directors. At least one of the members should have experience in finance, accounting or auditing. The committee shall oversee and recommend the appointment of the Company's independent auditor, and shall ensure such auditor's independence. Further, the committee shall monitor the Company's risk management and internal control of financial reporting, and prepare the board of directors' quality assurance of its financial reporting.

10. Risk management and internal control

Solon Eiendom ASA has established instructions for risk management and internal control with underlying policies and procedures for certain risk areas. The instructions are based on the Company's strategy, values and ethical guidelines to ensure the shareholders' investments through effective risk management and internal controls. The Company's instructions to the board of directors and the executive management, and the matrix of authorisation of the Company together ensure clear guidelines for the individual's authorisations and power of attorneys. The Company's internal guidelines and procedures for risk management and internal control are intended to ensure the quality of the Company's internal and external reporting, as well as efficient operations. The board of directors shall as a minimum receive monthly reports on the Company's operations and financial situation, quarterly receive evaluations on risks and reporting, and annually receive a review of the Company's main risk areas and the status of the internal control.

11. Remuneration of the board of directors

The remuneration of the board of directors in Solon Eiendom ASA shall not be dependent upon results. The general meeting determines the board of directors' remuneration based on recommendations from the Nomination Committee. The members of the board of

directors shall not participate in any option or incentive program established by the Company.

12. Remuneration to employees in senior positions

The guidelines for remuneration of employees in senior positions are described in notes to the annual report of the Company and shall be submitted for the general meeting. Remuneration of the chief executive officer and senior employees shall be competitive. Bonus and option programs of the Company shall provide incentives over time and be concurrent with the interests of the shareholders.

13. Information and communication

Information from Solon Eiendom ASA shall be published in the form of annual and quarterly reports, investor presentations, press releases, stock exchange announcements in accordance with Oslo Børs' messaging system. The Company has established a separate IR Policy which is available on the Company's web-site: www.soloneiendom.no.

14. Take-overs

As set out in section 5, Solon Eiendom ASA has no ownership or trading restrictions affecting the Company's shares. In the event of a take-over, the board of directors shall ensure the equal treatment of the shareholders and that there are no unnecessary interruptions to the Company's operations. The board of directors shall seek to provide all shareholders sufficient time and information to consider a take-over bid. If a take-over bid is received, the board of directors shall give a reasoned statement containing an evaluation of the bid and a recommendation to the shareholders whether the bid should be accepted or not. The board of directors should seek third party evaluation in relation to their recommendation. The board of directors must be cautious to enter into agreements with any bidders about exclusive negotiations that deprive others the opportunity to submit competing bids. Bids that involve the purchase of all or substantial parts of the Company's business should be submitted to the general meeting. Detailed regulation on the board of directors' response in the event of a take-over is set out in the instructions for the board of directors.

15. Auditor

The Audit Committee shall provide its recommendation on the election of an auditor to the general meeting. The auditor is appointed by the general meeting.

The auditor shall in a timely manner present its plan for the audit work for the Company for the Audit Committee. The auditor shall participate at the meetings in the Audit Committee unless otherwise determined. The auditor shall further participate in the meeting of the board of directors that approves the annual financial statements of the Company. The auditor shall in this meeting present its audit work and give a valuation on the Company's economic reporting and internal control. The board of directors shall give account for the auditor's remuneration to the general meeting. The auditor should attend the general meeting and answer questions related to its work and remuneration. The auditor shall as a minimum have one meeting per year with the board of directors without the presence of the

chief executive officer, to review any matters on which there has been disagreements between the auditor and the executive management.

To ensure the auditors' independence, Solon Eiendom ASA has adopted guidelines for the executive management's use of the Company's auditor to other tasks than auditing.