

# Corporate Governance Statement

Aquaporin A/S, CVR-no. 28315694

## 1 Aquaporin A/S – Statement on Corporate Governance

This corporate governance statement for Aquaporin A/S, company registration no. 35 52 15 85 (“Aquaporin” or the “Company”) has been prepared pursuant to Section 107b of the Danish Financial Statements Act and the Rules for Issuers of Shares of Nasdaq Copenhagen A/S. This statement has been prepared in connection with Aquaporin’s admission to trading and official listing on Nasdaq Copenhagen A/S in June 2021 based on the Danish Recommendations on Corporate Governance of 2 December 2020.

## 2 Management structure

Aquaporin has a two-tier management structure consisting of the Board of Directors and the Executive Management. The two bodies are separate and have no overlapping members. The Board of Directors is responsible for the overall and strategic management and proper organization of Aquaporin’s business and operations and it supervises Aquaporin’s activities, management and organization. The Board of Directors appoints and dismisses the members of the Executive Management, who are responsible for the day-to-day management of Aquaporin.

## 3 Board of Directors

Pursuant to the Articles of Association, the Board of Directors shall consist of not less than three and not more than ten members elected by the general meeting. Currently, the Board of Directors consists of eight members elected by the general meeting. The Board of Directors elects a Chairman of the Board of Directors among its members. The Board of Directors may in addition elect a Deputy Chairman of the Board of Directors. Amongst the members that will continue to serve as members of the Board of Directors following the admission for trading and official listing on Nasdaq Copenhagen, five members of the Board of Directors have been assessed by Aquaporin to be independent whereas Aquaporin has three members of the Board of Directors who are not considered independent. The assessment has been made by the Board

of Directors under the principles set out for the assessment of independence in the current Recommendations on Corporate Governance. The members of the Board of Directors comprise a group of professionally skilled business people also representing diversity and international experience.

The members of the Board of Directors elected by the general meeting are elected for a term of one year until the next annual general meeting. Members of the Board of Directors may be re-elected.

The Board of Directors normally holds at least six regular meetings annually, including a strategy review, plus ad hoc meetings as required.

## 4 Board Committees

### *Audit Committee*

The Board of Directors has established an Audit Committee, which has a charter setting forth its purpose and responsibilities. The Audit Committee reports and makes recommendations to the Board of Directors.

The Audit Committee consists of three members appointed by and among the Board of Directors. The overall purpose of the Audit Committee is to review accounting and audit matters that by decision of the Board of Directors or the Audit Committee require a more thorough evaluation, and assess the internal controls and risk management systems of Aquaporin. Its duties also include supervision of Aquaporin’s auditors and review of the audit process.

The Audit Committee shall convene when it is deemed necessary or appropriate, however it is expected to be convened at least four times a year. Aquaporin’s Chief Financial Officer shall participate in the meetings of the Audit Committee, unless otherwise requested by the Audit Committee, and Aquaporin’s external auditor shall participate in meetings of the Audit Committee if so requested by the Audit Committee. The external auditor shall attend at least one meeting per

year or the relevant part hereof where the Executive Management is not present.

A majority of the members of the Audit Committee shall be independent unless the Board deems a composition with less than a majority of independent members to be appropriate under the given circumstances.

#### *Remuneration Committee*

The Remuneration Committee consists of three members of the Board of Directors. The overall purpose of the Remuneration Committee is to assist in maintaining and overseeing the Remuneration Policy for the members of the Board of Directors and the Executive Management. Further, the Remuneration Committee evaluates and makes recommendations for the remuneration of the members of the Board of Directors and the Executive Management. Additionally, the Remuneration Committee annually reviews the general incentive framework for other employees of Aquaporin.

The Remuneration Committee holds at least two meetings annually.

A majority of the members of the Remuneration Committee shall be independent unless the Board deems a composition with less than a majority of independent members to be appropriate under the given circumstances.

#### *Nomination Committee*

The Nomination Committee consists of three members of the Board of Directors. The overall purpose of the Nomination Committee is to assist the Board of Directors with ensuring that appropriate plans and processes are in place for nomination of candidates to the Board of Directors (including the Chairmanship), the Executive Management and the board committees. The Nomination Committee annually evaluates the composition of the Executive Management and, if requested by the Chairmanship, assists with the annual evaluation of the Board of Directors. This includes making recommendations for nomination or

appointment of members of (a) the Board of Directors, (b) the Executive Management and (c) the board committees established by the Board of Directors.

The Nomination Committee holds at least two meetings annually

A majority of the members of the Nomination Committee shall be independent unless the Board deems a composition with less than a majority of independent members to be appropriate under the given circumstances.

## **5 Executive Management**

Pursuant to the Articles of Association, the Executive Management shall consist of one to four members appointed by the Board of Directors. Currently, the Executive Management consists of four members, the Chief Executive Officer, the Deputy CEO & Chief Commercial Officer, the Chief Financial Officer, and the Chief Operational Officer, who are responsible for the day-to-day management and compliance with the procedures, instructions, guidelines and recommendations issued by the Board of Directors. The Executive Management's responsibilities include inter alia organisation of Aquaporin as well as allocation of resources, determination and implementation of strategies and policies and ensuring timely reporting to the Board of Directors. The Executive Management also presents and recommends proposals on the overall strategy and objectives to the Board of Directors.

## **6 Internal control and financial reporting procedures**

The Board of Directors, the Audit Committee and the Executive Management are ultimately responsible for Aquaporin's risk management and internal controls in relation to its financial reporting, and approve Aquaporin's general policies in that regard. The Audit Committee assists the Board of Directors in overseeing the reporting process and the most important risks involved in this respect. The Executive Management is responsible for the effectiveness of the internal controls and risk management and for the implementation of

such controls aimed at mitigating the risk associated with the financial reporting.

Aquaporin has internal control and financial reporting procedures aimed at enabling it to monitor its performance, operations, funding and risk. Currently, Aquaporin does not have any internal audit function. The Board of Directors will continuously review the need for such function.

## 7 Recommendations for good corporate governance

Aquaporin will be subject to the Recommendations on Corporate Governance, which are available on the Committee on Corporate Governance's website [www.corporategovernance.dk](http://www.corporategovernance.dk). As a company listed on Nasdaq Copenhagen, Aquaporin will be required to report on its compliance with these recommendations according to the "comply or explain" principle. Aquaporin's position on each recommendation is described in the following and reflects the situation at the time of the reporting.

Aquaporin complies with the Recommendations on Corporate Governance in all material respects, except that Aquaporin has opted to deviate in the following areas:

- *Recommendation 1.1.3:*  
Aquaporin does not comply with recommendation 1.1.3 as Aquaporin only publishes a half-year report as well as trading statements for both Q1 and Q3. It is the Company's assessment that this will provide stakeholders with sufficient information.
- *Recommendation 3.4.2*  
The majority of the members of Aquaporin's three board committees are not currently independent. The Company has deemed it relevant that the composition of the board committees in the Company's first year as a listed company reflects continuity in the committee composition prior to

the Company's listing. The Company intends to revisit the composition ahead of the annual general meeting next year with the view to comply with this recommendation.

- *Recommendation 5.1.2*  
The Board of Directors has not yet established a whistleblower scheme, but intends to do so prior to the deadline applicable to the Company, which will be set out in the proposed new legislation on whistle blower schemes once effective.

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Adopted on 7 June 2021

## Corporate Governance Overview

Recommendation	Complies	Deviates	Explanation
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>			
<b>1.1. Dialogue between company, shareholders and other stakeholders</b>			
1.1.1. The Committee recommends that the board of directors ensure ongoing dialogue between the company and its shareholders so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in relation to the company.	✓		
1.1.2. The Committee recommends that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.	✓		
1.1.3. The Committee recommends that the company publishes quarterly reports.		⊘	<p>The Company publishes quarterly trading statements in the form of company announcements instead of quarterly financial reports for Q1 and Q3. The Company believes this is an appropriate level of disclosure based on its focus on creation of long-term shareholder value and the characteristics of the business.</p> <p>Quarterly trading statements enable shareholders, analysts and other stakeholders to assess Aquaporin's performance by providing a reporting overview of certain financial metrics and key performance indicators, including relevant comparative figures as well as management's view on e.g. operating highlights, recent market developments and commercial outlook, as well as relevant non-revenue items.</p>

Recommendation	Complies	Deviates	Explanation
<b>1.2. General meeting</b>			
1.2.1. The Committee recommends that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.	✓		
1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.	✓		
<b>1.3. Takeover bids</b>			
1.3.1. The Committee recommends that the company has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.	✓		
<b>1.4 Corporate Social Responsibility</b>			
1.4.1. The Committee recommends that the board of directors adopts a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.	✓		
1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company's website.	✓		
<b>2. Duties and responsibilities of the board of directors</b>			
<b>2.1. Overall tasks and responsibilities</b>			

Recommendation	Complies	Deviates	Explanation
2.1.1. The Committee recommends that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.	✓		
2.1.2. The Committee recommends that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.	✓		
2.1.3. The Committee recommends that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.	✓		
2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.	✓		
<b>2.2. Members of the board of directors</b>			
2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.	✓		
2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.	✓		
2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.	✓		



Recommendation	Complies	Deviates	Explanation
<b>3. Composition, organisation and evaluation of the board of directors</b>			
<b>3.1. Composition</b>			
3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states <ul style="list-style-type: none"> <li>• which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and</li> <li>• the composition of and diversity on the board of directors.</li> </ul>	✓		
3.1.2. The Committee recommends that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.	✓		
3.1.3. The committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.	✓		
3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda - in addition to the statutory items - also includes a description of the proposed candidates' <ul style="list-style-type: none"> <li>• qualifications,</li> <li>• other managerial duties in commercial undertakings, including board committees,</li> <li>• demanding organisational assignments and</li> <li>• independence.</li> </ul>	✓		
3.1.5. The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.	✓		
<b>3.2 The board of director's independence</b>			



Recommendation	Complies	Deviates	Explanation
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company,</li> <li>• within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors,</li> <li>• represent or be associated with a controlling shareholder,</li> <li>• within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship,</li> <li>• be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting,</li> <li>• be a CEO in a company with cross-memberships in the company's management,</li> <li>• have been a member of the board of directors for more than twelve years, or</li> <li>• be closely related to persons, who are not independent, cf. the above-stated criteria.</li> </ul> <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>	✓		
<p>3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.</p>	✓		
<p><b>3.3. Members of the board of directors and the number of other management functions</b></p>			
<p>3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>	✓		

Recommendation	Complies	Deviates	Explanation
<p>3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p> <ul style="list-style-type: none"> <li>• position, age and gender,</li> <li>• competencies and qualifications relevant to the company,</li> <li>• independence,</li> <li>• year of joining the board of directors,</li> <li>• year of expiry of the current election period,</li> <li>• participation in meetings of the board of directors and committee meetings,</li> <li>• managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and</li> <li>• the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year.</li> </ul>	✓		
<p>3.3.3. The Committee recommends that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.</p>	✓		
<b>3.4. Board committees</b>			
<p>3.4.1. The Committee recommends that the management describes in the management commentary:</p> <ul style="list-style-type: none"> <li>• the board committees' most significant activities and number of meetings in the past year, and</li> <li>• the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.</li> </ul> <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>	✓		
<p>3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>		÷	<p>The majority of the members of Aquaporin's three board committees are not currently independent. The Company has deemed it relevant that the composition of the board committees in the Company's first year as a listed company reflects continuity in the</p>

Recommendation	Complies	Deviates	Explanation
			committee composition prior to the Company's listing. The Company intends to revisit the composition ahead of the annual general meeting next year with the view to comply with the recommendation.
<p>3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> <li>• supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions,</li> <li>• reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,</li> <li>• assessing the need for internal audit,</li> <li>• performing the evaluation of the auditor elected by the general meeting,</li> <li>• reviewing the auditor fee for the auditor elected by the general meeting,</li> <li>• supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and</li> <li>• ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present.</li> </ul> <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> <li>• prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department,</li> <li>• ensure that the internal audit function has sufficient resources and competencies to perform its role, and</li> <li>• supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	✓		

Recommendation	Complies	Deviates	Explanation
<p>3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies,</li> <li>on an annual basis evaluating the board of directors and the executive management's structure, size, composition and results and preparing recommendations for the board of directors for any changes,</li> <li>in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the board of directors,</li> <li>handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval,</li> <li>ensuring that a succession plan for the executive management is in place,</li> <li>supervising executive managements' policy for the engagement of executive employees, and</li> <li>supervising the preparation of a diversity policy for the board of directors' approval.</li> </ul>			
<p>3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting,</li> <li>providing a proposal to the board of directors on the remuneration of the members of the executive management,</li> <li>providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting,</li> <li>ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and</li> <li>assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote.</li> </ul>			
<p><b>3.5. Evaluation of the board of directors and the executive board</b></p>			

Recommendation	Complies	Deviates	Explanation
<p>3.5.1. The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> <li>• the composition of the board of directors with focus on competencies and diversity</li> <li>• the board of directors and the individual member's contribution and results,</li> <li>• the cooperation on the board of directors and between the board of directors and the executive management,</li> <li>• the chairperson's leadership of the board of directors,</li> <li>• the committee structure and the work in the committees,</li> <li>• the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and</li> <li>• the board members' preparation for and active participation in the meetings of the board of directors.</li> </ul>	✓		
<p>3.5.2. The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.</p>	✓		
<p>3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.</p>	✓		
<p><b>4. Remuneration of management</b></p>			
<p><b>4.1. Form and content of the remuneration policy</b></p>			
<p>4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.</p>	✓		

Recommendation	Complies	Deviates	Explanation
4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.	✓		
4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.	✓		
4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.	✓		
4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.	✓		
4.1.6. The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.	✓		
<b>5. Risk Management</b>			
<b>5.1 Identification of risks and openness in respect of additional information</b>			
5.1.1. The Committee recommends that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.	✓		
5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.		÷	The Board of Directors has not yet established a whistleblower scheme, but intends to do so prior to the deadline applicable to the Company, which will be set out in the proposed new legislation on whistle blower schemes once effective.