

TARGOVAX CORPORATE GOVERNANCE REPORT 2018

Activating the patient's immune system to fight cancer

The Targovax logo is located in the bottom right corner of the page. It consists of the word "targovax" in a lowercase, sans-serif font. The letter "o" is replaced by a stylized graphic of three small circles arranged in a triangle, with the largest circle in the center. The entire logo is contained within a white circular background.

targovax

**Targovax is a clinical stage
biotechnology company
developing immune activators to
target hard-to-treat solid tumors**

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Corporate Governance Report

Targovax ASA (the “Company” and together with its subsidiaries, the “Group”) considers good corporate governance to be a prerequisite for value creation, trustworthiness and for access to capital.

In order to secure strong and sustainable corporate governance, it is important that the Group ensures good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations.

The Norwegian Corporate Governance Board (NCGB or NUES) has issued “The Norwegian Code of Practice for Corporate Governance” (the “Code of Practice”), most recently revised 17 October 2018, for companies listed on Oslo Stock Exchange and Oslo Axxess. The Code of Practice is available at www.nues.no. The Code of Practice is based on a “comply or explain principle” whereby listed companies must comply with the Code of Practice or explain why they have chosen an alternative approach. How the Company has adapted to this Code of Practice is described in the Company’s Corporate Governance Policy. Each chapter represents the 15 topics in the Code of Practice. It starts with the recommendations, explains how the policy is followed up by the Company, and finally concludes with any deviations from the Code of Practice.

1. Implementation and reporting on corporate governance

The board of directors must ensure that the company implements sound corporate governance.

The board of directors must provide a report on the company’s corporate governance in the directors’ report or in a document that is referred to in the directors’ report. The report on the company’s corporate governance must cover every section of the Code of Practice.

If the company does not fully comply with the Code of Practice, the company must provide an explanation of the reason for the deviation and what solution it has selected.

The Board has decided that the Company will comply with the Norwegian Code of Practice. Compliance with the Code of Practice is described in the Board of Directors’ Report. Targovax complies with the Code of Practice without any significant exceptions. One minor deviation has been accounted for below under chapter 6: General Meetings.

Deviations from the recommendation: None

2. Business

The company’s articles of association should clearly describe the business that the company shall operate.

The board of directors should define clear objectives, strategies and risk profiles for the company’s business activities such that the company creates value for shareholders.

The company should have guidelines for how it integrates considerations related to its stakeholders into its value creation.

The board of directors should evaluate these objectives, strategies and risk profiles at least yearly.

The Company’s Articles of Associations clearly describe the business of the Company and are available at www.targovax.com. The Board of Directors leads the Company’s strategic planning and makes decisions that form a basis for the Company’s executive management to prepare and carry out investments and structural measures. The Company’s objectives, strategies and risk profiles are being evaluated yearly, and together with the Company’s Articles of Association, provides the information needed to help ensure that shareholders can anticipate the scope of the Company’s activities.

The Company has guidelines for how it integrates considerations related to stakeholders into its value creation. Corporate Social Responsibility principles were adopted by the Board of Directors on 3 September 2015 to ensure sound corporate social responsibility. The implementation of corporate social responsibility principles in the Group’s day-to-day operations, its business strategies and towards various stakeholders is further described in the Board of Directors report 2018.

Deviations from the recommendation: None

3. Equity and dividends

The board of directors should ensure that the company has a capital structure that is appropriate to the company's objective, strategy and risk profile.

The board of directors should establish and disclose a clear and predictable dividend policy.

The background to any proposal for the board of directors to be given a mandate to approve the distribution of dividends should be explained.

Mandates granted to the board of directors to increase the company's share capital or to purchase own shares should be intended for a defined purpose. Such mandates should be limited in time to no later than the date of the next annual general meeting.

The Board of Directors ensure the Company has a capital structure that is appropriate to the Company's objective, strategy and risk profile. Targovax and its subsidiaries' (the "Group's") equity at 31 December 2018 was NOK 375 million, which corresponds to an equity ratio of 69.7 percent. The Board of Directors regards the present equity structure as appropriate and adapted to the Company's objectives, strategy and risk profile. Moreover, for biotech companies at a relatively early stage, like Targovax, access to debt is usually restricted and not available outside of government support structures.

The Company's long-term objectives include making distributions of net income in the form of dividends but Targovax has paid no dividend to date. The Group is focusing its resources on the development of its immuno-oncology platforms and does not anticipate paying any cash dividend in the foreseeable future.

Mandates granted to the Board of Directors to increase the Company's share capital or to purchase own shares should be intended for a defined purpose. Such mandates should be limited in time to no later than the date of the next annual general meeting.

In connection with the Company's share incentive arrangements and pursuant to the Section 10-14 of the Norwegian Limited Companies Act, the Board of Directors is granted an authorization to increase the Company's share capital by up to the lower of (a) NOK 800 000 and (b) 10 percent of the share capital of the Company. This applies until the Annual General Meeting in 2019.

For the period between the Annual General Meetings in 2019 and 2020, the Board of Directors proposes an authorization to increase the Company's share capital by up to 30 percent of outstanding shares and options and RSUs (i.e. fully diluted).

Deviations from the recommendation: None

4. Equal treatment of shareholders and transactions with close associates

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the board of directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the company's shares, the company should consider other ways to ensure equal treatment of all shareholders.

In the event of any not immaterial transactions between the company and shareholders, a shareholder's parent company, members of the board of directors, executive personnel or close associates of any such parties, the board should arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

Share issues without pre-emption rights for existing shareholders

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in the share capital shall be justified. Where the Board of Directors resolves to carry out a share issue without pre-emption rights for existing shareholders, then the justification shall be publicly disclosed in an announcement issued in connection with the share issue.

Transactions with own shares

Any transactions the Company carries out in its own shares shall be carried out either through the Oslo Stock Exchange or at prevailing stock exchange prices if carried out in another way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders. The Company has not conducted trades in its own shares.

Approval of agreements with shareholders and other closely-related parties

The Board of Directors shall arrange for a valuation to be obtained from an independent third party in the event of a not immaterial transaction between the Company and its shareholders, a shareholder's parent company, members of the Board of Directors, executive management or closely-related parties of any such parties. An independent

valuation shall also be carried out in the event of transactions between companies within the same group where any of the companies involved have minority shareholders.

Deviations from the recommendation: None

5. Share and negotiability

The company should not limit any party's ability to own, trade or vote for shares in the company.

The company should provide an account of any restrictions on owning, trading or voting for shares in the company.

The Company's constituting documents do not limit any party's ability to own, trade or vote for share in the Company. The Company's shares are freely transferable, subject to any restrictions that may exist under applicable securities laws.

Deviations from the recommendation: None

6. General meetings

The board of directors should ensure that the company's shareholders can participate in the general meeting.

The board of directors should ensure that:

- **the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting**
- **any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible**
- **the members of the board of directors and the chairman of the nomination committee are present at the general meeting**
- **the general meeting is able to elect an independent chairman for the general meeting**

Shareholders should be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The company should design the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a person who can act as a proxy for shareholders.

Exercising rights

The Board of Directors ensures that the Company's shareholders can participate in the the general meeting. The Board of Directors ensures that:

- the resolutions and supporting documentation, if any, are sufficiently detailed, comprehensive and specific to allow shareholders to understand and form a view on matters that are to be considered at the General Meeting
- the registration deadline, if any, for shareholders to participate at the General Meeting is set as closely as practically possible to the date of the General Meeting
- representatives of the Board and the chairperson of the Nomination Committee are present at general meetings

Shareholders are able to vote on each individual matter, including on each individual candidate nominated for election.

Participation without being present

Shareholders who cannot be present at the General Meeting are given the opportunity to vote using proxies, and the form of the proxy are designed to make voting on each individual matter possible. The Company nominates a person who can act as a proxy for shareholders.

Deviations from the recommendation: The Company does not have an arrangement in place to ensure independent chairing of the General Meeting. However, the Board of Directors will on an ad hoc basis evaluate independent chairing when necessary. Historically, it has not been deemed necessary to have an independent chair.

Although Targovax encourages the members of the Board to be present at the Annual General Meeting, their attendance is not always possible.

7. Nomination Committee

The company should have a nomination committee, and the nomination committee should be laid down in the company's articles of association.

The general meeting should stipulate guidelines for the duties of the nomination committee, elect the chairperson and members of the nomination committee, and determine the committee's remuneration.

The nomination committee should have contact with shareholders, the board of directors and the company's executive personnel as part of its work on proposing candidates for election to the board.

The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the board of directors and the executive personnel. No more than one member of the nomination committee should be a member of the board of directors, and any such member should not offer himself for re-election to the board. The nomination committee should not include the company's chief executive or any other executive personnel.

The nomination committee's duties should be to propose candidates for election to the board of directors and nomination committee (and corporate assembly where appropriate) and to propose the fees to be paid to members of these bodies.

The nomination committee should justify why it is proposing each candidate separately.

The company should provide information on the membership of the committee and any deadlines for proposing candidates.

The Company has a Nomination Committee and the Nomination Committee is laid down in the Company's Articles of Association. The Company's General Meeting stipulates guidelines for the nomination committee, elects the members and the Chairperson of the Nomination Committee and determines their remuneration. The current Nomination Committee was elected at the General Meeting 11 April 2018. The objectives, duties and functions of the Nomination Committee are described in the Company's "Charter for the Nomination Committee" which were adopted by the General Meeting 14 September 2015.

Two out of three of the members of the Nomination Committee are independent of the Company's Board of Directors and executive management. Two of the members are also not members of the Board of Directors. Neither the CEO nor others of the executive management team are members of the Nomination Committee.

The Nomination Committee shall contact the Company's two largest shareholders, as registered in the VPS on 1 November each year, and request such shareholders to each propose a candidate to be appointed as a member of the Nomination Committee. If any candidates are proposed by such shareholders, the Nomination Committee shall include those candidates among the three candidates in the recommendation to the General Meeting for election of members to the Nomination Committee.

The Nomination Committee shall give recommendations for the election of shareholder elected members of the Board of Directors and the members of the Nomination Committee, and remuneration to the members of the Board of Directors and the members of the Nomination Committee.

The Nomination Committee shall justify why it is proposing each candidate separately.

Targovax's shareholders are entitled to nominate candidates to the Board of Directors of Targovax ASA. Information on how to send input and proposals can be found on Targovax's website in the section "Committees composition" under "Investor Relations" and "Corporate governance".

For information about the members of the Nomination Committee, please see "Committee composition" under "Corporate Governance" in the Investor section at www.targovax.com.

Deviations from the recommendation: Johan Christenson is currently a member of both the Board of Directors and the nomination committee and offered himself for re-election, and was re-elected, as a Board Member and a member of the nomination committee at the annual General Meeting in 2018.

8. Board of directors; composition and independence

The composition of the board of directors should ensure that the board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the board can function effectively as a collegiate body.

The composition of the board of directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the board should be independent of the company's executive personnel and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s).

The board of directors should not include executive personnel. If the board does include executive personnel, the company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the board, including the use of board committees to help ensure more independent preparation of matters for discussion by the board, cf. Section 9.

The general meeting (or the corporate assembly where appropriate) should elect the chairman of the board of directors.

The term of office for members of the board of directors should not be longer than two years at a time.

The annual report should provide information to illustrate the expertise of the members of the board of directors, and information on their record of attendance at board meetings. In addition, the annual report should identify which members are considered to be independent.

Members of the board of directors should be encouraged to own shares in the company.

The Board of Directors consists of eight members, and currently has the following composition: Patrick Vink (Chair), Catherine Wheeler, Per Samuelsson, Bente-Lill Romøren, Johan Christenson, Robert Burns, Eva-Lotta Allan, and Diane Mellett. The current Board of Directors was elected at the General Meeting 11 April 2018.

Participation on Board of Directors meetings and Board committee meetings during 2018:

Participation in meetings	Board Meetings	Audit Committee	Compensation committee	Governance Committee
Patrick Vink	11	5	3	
Catherine Wheeler	7			
Bente-Lill Romøren	10			1
Johan Christenson	10			1
Robert Burns	9		3	
Eva-Lotta Allan	11			1
Diane Mellett	7			1
Per Samuelsson	11	5	3	

The composition of the Company's Board of Directors is considered to ensure that the shareholders' interests are maintained, and that the Company's need for a diversified and experienced Board of Directors with sufficient capacity is in place. The members of the Board of Directors represent a combination of expertise, capabilities and experience from the pharmaceutical industry and finance business.

The composition of the Board of Directors ensures that it can act independently of any special interests. All of the shareholder-elected members of the Board of Directors are independent of the Company's executive management and material business connections. In addition, five of the members of the Board of Directors are considered to be independent of the Company's major shareholder(s). A major shareholder means in this connection a shareholder that owns or controls 10 percent or more of the Company's shares or votes, and independence shall entail that there are no circumstances or relations that may be expected to be able to influence independent assessments of the person in question.

The Board of Directors does not include executive management. The Chairperson of the Board of Directors is elected by the General Meeting.

The term of office for members of the Board of Directors are no longer than one year at the time. Members of the Board of Directors may be re-elected.

For further information about the members of the Board of Directors, including number of shares and who are considered independent, see Note 10 Related parties and Management in the Company's Annual Report, and the section "Board of Directors" in the Annual Report.

Deviations from the recommendation: None

9. The work of the Board

The board of directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

The board of directors should ensure that members of the board of directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the board of directors.

In order to ensure a more independent consideration of matters of a material character in which the chairman of the board is, or has been, personally involved, the board's consideration of such matters should be chaired by some other member of the board.

The Public Companies Act stipulates that large companies must have an audit committee. The entire board of directors should not act as the company's audit committee. Smaller companies should give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent.

The board of directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the board who are independent of the company's executive personnel.

The board of directors should provide details in the annual report of any board committees appointed.

The board of directors should evaluate its performance and expertise annually.

General

The Board of Directors Handbook adopted by the Board of Directors on the 3 September 2015 includes a set of instructions and policies instructions/charters for its own work, as well as for the executive management, with particular emphasis on clear allocations of internal responsibilities and duties.

The Board of Directors ensures that members of the Board of directors and executive management make the Company aware of any material interests that they may have in items to be considered by the Board of Directors. In order to ensure a more independent consideration of matters of a material character in which the chairperson of the board is, or has been, personally involved, the board's consideration of such matters will be chaired by some other member of the board.

The Board of Directors, working with the Corporate Governance Committee, carries out an annual evaluation of its own performance and expertise and presents the evaluation report to the Nomination Committee.

The Board of Directors has established three permanent Board Committees, which is described in further detail below. The current members of the committees were elected at the Board of Directors meeting 24 May 2018. The members of the committee are appointed for one year. These committees do not pass resolutions but supervise the work of the Company's management on behalf of the Board of Directors and prepare matters for Board of Directors consideration within their specialized areas. In this preparatory process, the committees have the opportunity to draw on company resources, and to seek advice and recommendations from sources outside the Company. The Board of Directors also establishes ad-hoc sub-committees as needed, e.g. research, development, finance, manufacturing and in connection with M&A activities.

Audit Committee

The members of the Audit Committee are Patrick Vink, Per Samuelsson and Diane Mellett. The CFO acts as the committee's secretary. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of Executive Management. The mandate of the committee is set out in the Charter for the Audit Committee and is in brief as follows:

- Prepare for the Board of Directors a report describing its supervision of the financial reporting process, including review of implementation of accounting principles and policies.
- Monitor the effectiveness of the Company's internal control and risk management systems, noting any deficiencies and monitor management in remedying any such deficiencies.
- Have regular contact with the external auditor regarding the annual and consolidated accounts.

- Review and monitor the independence of the statutory auditor, ref. the Norwegian Auditors Act, chapter 4 and in particular whether services other than audits delivered by the statutory auditor or the audit firm are a threat against the statutory auditor's independence. The committee supervises implementation of and compliance with the Company's Ethics Code of Conduct and supervises the Company's compliance activities relating to corruption as further described in the provisions herein.

Five meetings were held in 2018.

Compensation committee

The members of the Compensation Committee are Per Samuelsson, Patrick Vink and Robert Burns. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of Executive Management. The mandate of the committee is set out in the Charter for the Compensation Committee and is in brief as follows:

- The role of the committee shall be to oversee the Group's compensation policy for its CEO, Management, employees, and consultants, recommend changes to the Group's compensation policy to the Board of Directors as and when appropriate and prepare matters for final decision by the Board of Directors. Recommendations and proposals for compensation to members of the Board of Directors shall be the responsibility of the Nomination Committee.

Three meetings were held in 2018.

Corporate Governance Committee

The members of the Corporate Governance Committee are Johan Christenson, Diane Mellett, Eva-Lotta Allan and Bente-Lill Romøren. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of Executive Management. The mandate of the committee is set out in the Charter for the Governance Committee and is as follows:

- Develop and review the Groups policies and practices for corporate governance, and annually recommend changes to such policies and practices, if any, to the Board of Directors
- Lead the Board of Directors in its annual review of the Board of Directors' performance and its competence
- Monitor the functioning of the Board committees and sub-groups and make recommendations to the Board of Directors with regard to the composition of Board committees and sub-groups
- Lead the Board of Directors in its annual review of the CEO's performance

One meeting was held in 2018.

Deviations from the recommendation: None

10. Risk management and internal control

The board of directors must ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. Internal control and the systems should also encompass the company's guidelines etc. for how it integrates considerations related to stakeholders into its creation of value.

The board of directors should carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

To manage the Company specific risks and risk inherent in the industry, and to comply with international and national regulations, the Company have implemented a periodic review process to identify, analyze and handle the main risk factors facing the Group. The Audit Committee will periodically receive written reports, highlighting the main risks and proposed actions to address these as well as any significant weaknesses in the internal control regime.

Our aim is to have an annual review by the Board of Directors, of the Company's most important areas of exposure to risk and its internal control arrangements.

Risk Management is further described under "Directors' Report", in the Risk section.

Deviations from the recommendation: None

11. Remuneration of the Board of Directors

The remuneration of the board of directors should reflect the board's responsibility, expertise, time commitment and the complexity of the company's activities.

The remuneration of the board of directors should not be linked to the company's performance. The company should not grant share options to members of its board.

Members of the board of directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the board.

Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

The compensation of the Board of Directors and its sub-committees is decided by the Annual General Meeting, based on a recommendation from the Nomination Committee. Separate rates are set for the Board of Directors' chair and other members, respectively. Separate rates are also adopted for the Board of Directors' sub-committees, with similar differentiation between the Chair and the other members of each committee.

The Annual General Meeting 11 April 2018 decided to remunerate the Board of Directors with a combination of cash and Restricted Share Units (RSUs).

If the Board members choose to receive the Board remuneration in RSU's they must elect to either (i) receive 100% of the compensation in RSUs, (ii) receive 1/3 of the compensation in cash and 2/3 in RSUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs. The total compensation, except for meeting compensation, to each member of the Board of Directors for 2017-2018 have been set out in the minutes from the ordinary General Meeting.

The number of RSUs to be granted to a member of the Board of Directors is calculated as the non-cash compensation in NOK, divided by the market price for the Targovax ASA share. The market price is calculated as volume weighted average share price the 10 trading days prior to the grant date.

The cash compensation is not linked to the Company's performance or similar. None of the members of the Board of Directors has a pension plan or agreement concerning pay after termination of their office with the Company.

Robert Burns, member of the Board of Directors, was granted share options in Oncos Therapeutics Oy when he was a member of the Board of Directors of that company. By virtue of the combination with Oncos on 2 July 2015, these share options were converted into share options in Targovax ASA. The details of his options are set out in Note 11 of the consolidated financial statements. He is the only member of the Board of Directors with share options in the Company. There are no plans to issue new options to the members of the Board of Directors going forward.

Information about all compensation paid to each member of the Board of Directors is presented in Note 10 of the consolidated financial statements.

Deviations from the recommendation: None

12. Remuneration of executive personnel

The board of directors is required by law to prepare guidelines for the remuneration of the executive personnel. These guidelines are communicated to the annual general meeting. The board of director's statement on the remuneration of executive personnel should be a separate appendix to the agenda for the general meeting. It should also be clear which aspects of the guidelines are advisory and which, if any, are binding. The general meeting should vote separately on each of these aspects of the guidelines.

The guidelines for the remuneration of the executive personnel should set out the main principles applied in determining the salary and other remuneration of the executive personnel. The guidelines should help to ensure convergence of the financial interests of the executive personnel and the shareholders.

Performance-related remuneration of the executive personnel in the form of share options, bonus programmes or the like should be linked to value creation for shareholders or the company's earnings performance over time. Such arrangements, including share option arrangements, should incentivise performance and be based on quantifiable factors over which the employee in question can have influence. Performance related remuneration should be subject to an absolute limit.

The Board of Directors has established guidelines for the remuneration of executive management. Such guidelines set out the main principles in determining the salary and other remuneration of executive management. These guidelines shall be communicated to the Annual General Meeting. The Board of Director's statement on the remuneration of executive management is outlined in an appendix to the agenda for the Annual General Meeting.

Performance-related remuneration of the executive management in the form of share option grants, bonus programs or similar are linked to value creation for shareholders over time. Such arrangements' intention is to incentivize performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration is subject to an absolute limit (while there is no upside limit on granted share options nor on granted share units).

Information about all compensation paid to each member of the Executive Management is presented in Note 10 of the consolidated financial statements.

Deviations from the recommendation: None

13. Information and communication

The board of directors should establish guidelines for the company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The board of directors should establish guidelines for the company's contact with shareholders other than through general meetings.

General information

The Company shall provide timely and precise information about the Company and its operations to its shareholders, the stock exchange when applicable and the financial markets in general. Such information will be given in the form of annual reports, quarterly reports, press releases, notices to relevant market place exchange as well as investor presentations in accordance with what is deemed most suitable. The Company shall seek to clarify its long-term potential, including strategies, value drivers and risk factors.

The Company's quarterly presentations are webcast directly and may be found on Targovax's website, along with the quarterly and annual reports, under "Investor Relations".

Information to shareholders

The Company has procedures for establishing discussions with shareholders to enable the Company to develop a balanced understanding of the circumstances and focus of shareholders. Such discussions will always be in compliance with the principle of equal treatment of the Company's shareholders.

Deviations from the recommendation: None

14. Take-overs

The board of directors should establish guiding principles for how it will act in the event of a take-over bid. In a bid situation, the company's board of directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily.

The board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer. The board of directors should not hinder or obstruct take-over bids for the company's activities or shares.

Any agreement with the bidder that acts to limit the company's ability to arrange other bids for the company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial

compensation should be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the company's shares, the company's board of directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid. If an offer is made for a company's shares, the company's board of directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The board should arrange a valuation from an independent expert. The valuation should include an explanation and should be made public no later than at the time of the public disclosure of the board's statement.

Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting (or the corporate assembly where relevant).

In the event of a take-over process, the Board of Directors and the Company's Executive Management each have an individual responsibility to 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 particular responsibility in ensuring that the shareholders have sufficient information and time to form a view on the offer.

The Board of Directors will not seek to hinder or obstruct any takeover bid for the Company's operations or shares. In the event of such a bid as discussed in section 14 of the Norwegian Code of Practice for Corporate Governance, the Board of Directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code of Practice. This includes obtaining a valuation from an independent expert. On this basis, the Board of Directors will make a recommendation as to whether or not the shareholders should accept the bid. There are no other written guidelines for procedures to be followed in the event of a takeover bid.

The Company has not found it appropriate to draw up any explicit basic principles for Targovax's conduct in the event of a takeover bid, other than the actions described above. The Board of Directors otherwise concurs with what is stated in the Code of Practice regarding this issue.

Deviations from the recommendation: None

15. Auditor

The board of directors should ensure that the auditor submits the main features of the plan for the audit of the company to the audit committee annually.

The board of directors should invite the auditor to meetings that deal with the annual accounts. At these meetings the auditor should report on any material changes in the company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company.

The board of directors should at least once a year review the company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

The board of directors should establish guidelines in respect of the use of the auditor by the company's executive management for services other than the audit.

The Board of Directors ensures that the auditor submits the main features of the plan for the audit of the Company to the Audit Committee annually.

The Board of Directors invites the auditor to meetings that deal with the annual accounts, so the auditor can report on any changes in the company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all matters on which there has been disagreement between the auditor and the executive management of the company.

The Board of Directors once a year review the Company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

At least once a year, the Audit Committee will meet with the auditor to consider the auditor's views on the Group's accounting principles, risk areas and internal control procedures.

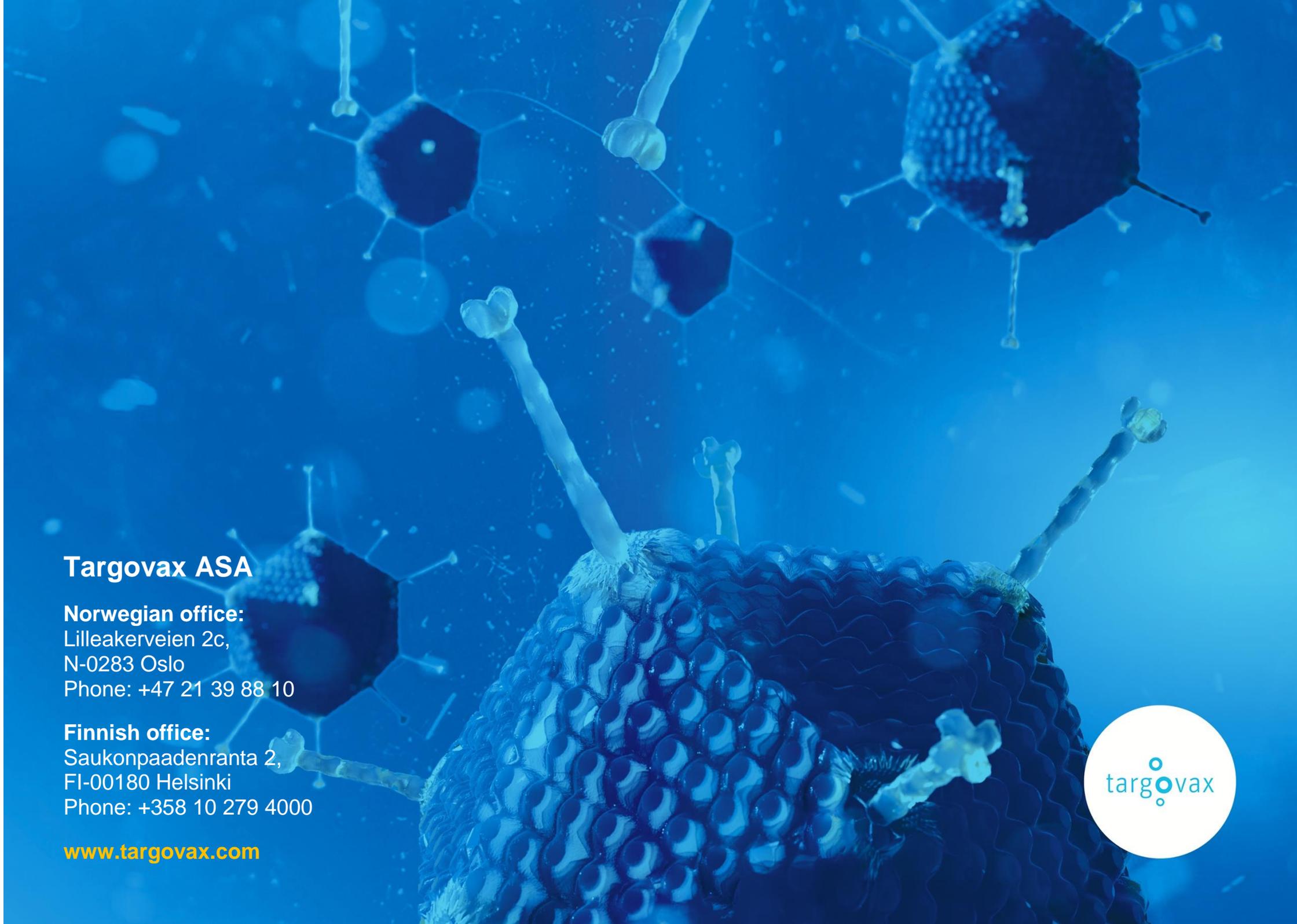
The Audit Committee receives an annual summary from the external auditor of services other than auditing that have been provided to the Company. The Company has established guidelines for the management's use of the external auditor for services other than auditing.

The auditor's fees, presented in Note 10 of the consolidated financial statements, have stated for the relevant categories of auditing and other services. The auditor's fee is determined at the Annual General Meeting. The Audit Committee receives an annual summary from the external auditor of services other than auditing that have been provided

to the Company. The Company has established guidelines for the management's use of the external auditor for services other than auditing.

Deviations from the recommendation: None





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