

**ASIT BIOTECH SA**

Public limited liability company 5 avenue Ariane 1200 Brussel, Belgium Register of Legal Entities  
0460.798.795 (Brussels)

**CORPORATE GOVERNANCE CHARTER**

Version: 13 September 2017

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## **INTRODUCTION**

This Corporate Governance Charter (the "Charter") has been prepared by Asit Biotech SA (the "**Company**") in accordance with the most recent Belgian Code on Corporate Governance, dated 12 March 2009. It describes the main aspects of the corporate governance of the Company, including its governance structure, the terms of reference of the board of directors and its committees and other important topics. The Charter must be read together with the Company's articles of association. The Charter and the articles of association are available on the Company's website ([www.asitbiotech.com](http://www.asitbiotech.com)) and can be obtained free of charge at the Company's registered office.

The Company will apply the nine corporate governance principles contained in the Belgian Code on Corporate Governance and will comply with the corporate governance provisions set forth in the Belgian Code on Corporate Governance, except in relation to following three matters. The Company intends to award stock based incentives to the independent directors, upon advice of the remuneration and nomination committee. This is contrary to provision 7.7 of the Belgian Code on Corporate Governance that provides that non-executive directors should not be entitled to performance-related remuneration such as (amongst others) stock related long-term incentive schemes. The Company justifies this as it allows to limit the portion of remuneration in cash that it would otherwise need to pay to attract or retain (internationally) renowned experts with the most relevant skills, knowledge and expertise, and as this is customary for directors active in companies in the biotech and life sciences industry, and as the portion of the remuneration payable in options is limited. Furthermore, while the audit committee of the board of directors is composed exclusively of non-executive directors, of which two are independent directors, the audit committee does not have a majority of independent directors. This is contrary to provision 5.2/4 of the Belgian Code on Corporate Governance which provides that at least a majority of the audit committee's members should be independent. The chairman of the audit committee, however, will be an independent director and will have a casting vote. The Company justifies this as it allows the audit committee to draw on the additional expertise of current members of the board of directors that have financial and auditing expertise. Finally, severance payment to be awarded to Mr. Thierry Legon, as chief executive director of the Company (the "**CEO**"), in the event of early termination of his contract which exceed the 12 months' basic and variable remuneration limitation set forth in Article 7.18 of the Belgian Code on Corporate Governance. The Company justifies this as it results from an existing agreement negotiated with Mr. Legon in the past and that there is no justification to limit such severance payment amount at the present time.

What constitutes good corporate governance will evolve with the changing circumstances of a company and with the standards of corporate governance globally, and must be tailored to meet those changing circumstances. The board of directors of the Company intends to update this Charter as often as required to reflect changes to the Company's corporate governance.

The initial version of this Charter was approved by the Company's board of directors and entered into force on 10 May 2016. The board of directors of the Company will review this Charter from time to time and make such changes as it deems necessary and appropriate.

## **1. GENERAL INFORMATION**

### **1.1. Company**

The Company is a limited liability company organised in the form of a société anonyme/naamloze vennootschap under the laws of Belgium. The Company is registered with the legal entities register (Brussels) under number 0460.798.795. The Company's registered office is located at avenue Ariane 5 at 1200 Brussels, Belgium.

The Company's shares are listed on Euronext Brussel and Euronext Paris.

### **1.2. Group structure**

The Company is not part to a group of companies. Further information on the Company and its shareholders can be found on the Company's website.

### **1.3. Available information**

The Company has filed its deed of incorporation and must file its restated articles of association and all other deeds and resolutions that are to be published in the Annexes to the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) with the clerk's office of the commercial court of Brussels, where they are available to the public. A copy of the Company's most recent articles of association and this Charter is also be available on its website.

In accordance with Belgian law, the Company must prepare annual audited statutory and financial statements. The annual statutory and financial statements and the reports of the Company's board of directors and statutory auditor relating thereto must be filed with the Belgian National Bank, where they are available to the public. Furthermore, as a company with shares listed on the regulated market of Euronext Brussels and Euronext Paris, the Company will also publish an annual financial report (which includes its audited statutory and financial statements, the report of its board of directors and the report of the statutory auditor) and an annual announcement preceding the publication of the annual financial report, as well as a half-yearly financial report on the first six months of its financial year (which includes a condensed set of financial statements and an interim management report). Copies of these documents will be made available on the Company's website and on STORI, the Belgian central storage mechanism, which is operated by the Belgian Financial Services and Markets Authority ("FSMA") and can be accessed via [www.fsma.be](http://www.fsma.be).

The Company will also have to disclose price sensitive information (inside information) and certain other information to the public. In accordance with the Belgian Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments that are admitted to trading on a regulated market, such information and documentation will be made available through the Company's website, press releases, the communication channels of Euronext Brussels, Euronext Paris, or a combination of these, and on STORI.

## **2. BOARD OF DIRECTORS**

### **2.1. Governance structure**

The Company has opted for a "one tier" governance structure whereby the board of directors is the ultimate decision making body, with the overall responsibility for the management and control of the Company, and is to carry out all actions that are considered necessary or useful to achieve the Company's purpose. The board of directors has all powers except for those reserved to the general shareholders' meeting by law or the Company's articles of association. The board of directors acts as a collegiate body.

## **2.2. Role and responsibilities**

The role of the board of directors is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed. The board of directors decides on the Company's values and strategy, its risk appetite and key policies.

In particular, the board of directors is responsible for:

- determining the strategy, the values and the most important policy guidelines of the Company;
- the organisation of the Company and the provision of the necessary leadership and the required financial and human resources to achieve the Company's purposes;
- monitoring and reviewing the effectiveness of the committees of the board of directors;
- taking all necessary measures to ensure the integrity and timely disclosure of the Company's financial statements and other material financial and non-financial information disclosed to the shareholders of the Company;
- approving a framework of internal control and risk management set up by the executive management;
- identifying and managing the risks with respect to the Company and its activities, amongst others by installing a system of internal audit and supervising the functioning thereof;
- evaluating and supervising the performances and results;
- proposing decisions to the general shareholders' meeting with respect to matters that belong to the powers of the general shareholders' meeting;
- taking decisions with respect to matters that belong to the powers of the board of directors;
- determining the structure, the powers and the obligations of the executive management;
- the appointment of the chief executive officer and the determination of the chief executive officer's remuneration;
- reviewing the general performance of the executive management (including the chief executive officer) and the realisation of the Company's strategy;
- supervising the personnel policy;
- supervising the activities of the statutory auditor and the internal audit function;
- describing the main features of the Company's internal control and risk management systems;
- ensuring the external communication of decisions taken by the board of directors;
- representing the Company.

The board of directors is assisted by a number of committees in relation to specific matters. The committees advise the board of directors on these matters, but the decision-making remains with the board of directors as a whole.

## **2.3. Composition**

Pursuant to the Belgian Companies Code, the board of directors must consist of at least three directors. Pursuant to the Company's articles of association the board of directors must consist of a maximum of nine directors.

The composition of the board of directors should ensure that decisions are made in the corporate

interest. It should be determined on the basis of diversity, as well as complementary skills, experience and knowledge.

Pursuant to the Belgian Code on Corporate Governance, at least half of the directors must be non-executive and at least three directors must be independent in accordance with the criteria set out in the Belgian Companies Code and in the Belgian Code on Corporate Governance. By 1 January 2021, at least one third of the members of the board of directors must be of the opposite gender.

The directors are appointed for a term of no more than four years by the general shareholders' meeting. They may be re-elected for new terms. Proposals by the board of directors for the appointment or re-election of any director must be based on a recommendation by the nomination and remuneration committee. In the event the office of a director becomes vacant, the remaining directors can appoint a successor temporarily filling the vacancy until the next general shareholders' meeting.

The general shareholders' meeting can dismiss the directors at any time.

Adequacy of composition and size will be regularly assessed by the board of directors upon the initiative of the chairman and upon recommendation of the remuneration and nomination committee.

#### **2.4. Chairman**

An important function within the board of directors is reserved to the chairman, who leads the board of directors, takes measures to build up a climate of trust, contributing to open discussion and constructive dissent and supervises the good and efficient functioning of the board of directors.

The board of directors elects a chairman from among its non-executive members on the basis of his knowledge, skills, experience and mediation strength. If the board of directors envisages appointing a former chief executive officer as chairman, it should carefully consider the positive and negative aspects in favour of such a decision and disclose why such appointment is in the best interest of the Company.

The chairman is responsible for the leadership and the proper and efficient functioning of the board of directors. He determines the calendar and the agenda of the meetings of the board of directors. He further sees to it that the procedures for the preparation, the deliberation, the approval and the execution of the resolutions are complied with in a correct manner and that the directors receive timely, accurate and clear information, which is required to deliberate and resolve on the items of the agenda. He leads the meetings of the board of directors and ensures that the directors can discuss and intervene before a decision is taken.

#### **2.5. Independent directors**

A director will only qualify as an independent director if he meets at least the criteria set out in article 526ter of the Belgian Companies Code, which can be summarised as follows:

- Not being an executive member of the board of directors, exercising a function as a member of the executive management or as a person entrusted with daily management of the Company or a company or person affiliated with the Company, and not having been in such a position during the previous five years before his nomination.
- Not having served for more than three terms as a non-executive director of the board of directors, without exceeding a total term of more than twelve years.
- Not being an employee of the senior management (as defined in article 19, 2° of the Belgian Act of 20 September 1948 regarding the organisation of the business industry) of the Company or a company or person affiliated with the Company and not having been in such a

position for the previous three years before his nomination.

- Not receiving, or having received, any significant remuneration or other significant advantage of a financial nature from the Company or a company or person affiliated with the Company, other than any bonus or fee (*tantièmes*) he receives or has received as a non-executive member of the board of directors.
- Not holding (directly or via one or more companies under his control) any shareholder rights representing 10% or more of the Company's shares or of a class of the Company's shares (as the case may be), and not representing a shareholder meeting this condition.
- If the shareholder rights held by the director (directly or via one or more companies under his control) represent less than 10%, the disposal of such shares or the exercise of the rights attached thereto may not be subject to contracts or unilateral undertakings entered into by the director. The director may also not represent a shareholder meeting this condition.
- Not having, or having had within the previous financial year, a significant business relationship with the Company or a company or person affiliated with the Company, either directly or as partner, shareholder, member of the board of directors, member of the senior management (as defined in article 19, 2° of the aforementioned Belgian Act of 20 September 1948) of a company or person who maintains such a relationship.
- Not being or having been within the last three years, a partner or employee of the current or former statutory auditor of the Company or a company or person affiliated with the current or former statutory auditor of the Company.
- Not being an executive director of another company in which an executive director of the Company is a non-executive member of the board, and not having other significant links with executive directors of the Company through involvement in other companies or bodies.
- Not being a spouse, legal partner or close family member (by marriage or birth) to the second degree of a member of the board of directors, a member of the executive management, a person charged with the daily management, or a member of the senior management (as defined in article 19, 2° of the aforementioned Belgian Act of 20 September 1948) of the Company or a company or person affiliated with the Company, or of a person who finds him or herself in one or more of the circumstances described in the previous bullets.

The resolution appointing the director must mention the reasons on the basis of which the capacity of independent director is granted.

In the absence of guidance in the law or case law, the board of directors has not further quantified or specified the aforementioned criteria set out in article 526ter of the Belgian Companies Code. Furthermore, in considering a director's independence, the criteria set out in the Belgian Code on Corporate Governance will also be taken into consideration. The Company is of the view that the current independent directors comply with each of the relevant criteria of the Belgian Companies Code and Belgian Code on Corporate Governance. The board of directors will also disclose in its annual report which directors it considers to be independent directors. An independent director who ceases to satisfy the requirements of independence must immediately inform the board of directors.

## **2.6. Corporate secretary**

The board of directors appoints a secretary (who does not need to be a director of the Company) who shall assist the board of directors, its committees, their respective chairmen and individual directors with respect to providing information and advises with respect to all governance matters, compliance with the law, the articles of association and internal rules and procedures. The secretary assists the chairman of the board of directors and the committees of the board of directors with respect to the logistical organisation of the respective meetings, including ensuring good information flow within the board of directors and its committees and between the executive management and non-executive directors, and drafts the minutes of such meetings together with the chairman. The

secretary reports regularly to the board of directors, under the direction of the chairman, on how the procedures, rules and regulations of the board of directors are being followed and complied with.

## **2.7. Third parties**

At the request of any director and subject to the approval of the board of directors, any third party (including employees and advisors) may be invited to attend the whole or any part of a meeting of the board of directors, in a consultative capacity. Persons attending the meetings in a consultative capacity have no voting rights.

## **2.8. Operation of meetings**

The board of directors meets whenever the interests of the Company so require. In principle, the board of directors will meet sufficiently regularly and at least five (5) times per year. The date, hour and place of these meetings are agreed upon by the board of directors, upon a proposal by the chairman, for the next financial year at the last meeting of each financial year. Additional meetings may be requested by two directors acting jointly upon at least five (5) business days notice.

The meetings shall be held at the registered office of the Company or at any other place indicated in the convocation notice. If necessary, meetings will be organised using video, telephone or internet.

Unless waived by all of the directors and except in case of circumstances requiring urgent actions, such as force majeure events, to be taken by the board of directors in the interest of the Company (in which case not less than two (2) business days' notice shall be given), not less than five (5) business days' notice of all meetings of the board of directors shall be given to each director and shall be accompanied by an agenda of the business to be transacted at such meeting together with all relevant documentation and information relating thereto. The documentation and information to be sent with the agenda shall be sent to all directors.

The board of directors can only deliberate and resolve on items included in the agenda. The board of directors can however validly deliberate and resolve on items not included in the agenda if all members of the board of directors are present or represented and all have agreed thereto. This agreement is deemed to have been given when no objection was recorded in the minutes.

The board of directors can only validly deliberate if a majority of its members are present or represented at the meeting. If this quorum requirement is not met during a first meeting, a second meeting of the board of directors can be convened and this meeting can validly deliberate and pass resolutions regardless of the number of directors present or represented, provided, however, that at least two directors are present, whether in person at the meeting or via telecommunication means.

Each director may instruct one of his colleagues by simple letter, by telegram, telex, telefax, or any other means of communication that produces a printed document, to represent him/her at a specified meeting of the board of directors and to vote in his/her name and on his/her behalf. In these circumstances a director giving such instructions is considered as being present. A director can represent multiple other fellow members of the board of directors.

In principle, directors should attend board meetings in person. If this is not possible, they may attend by telephone conferencing or video conferencing. Such participation in a meeting shall be considered to constitute the participation of a person who is present at the meeting.

To the extent permitted by law, the resolutions of the board of directors may be taken by unanimous written consent of the directors.

Decisions are made by a simple majority of the votes cast. The chairman has a casting vote.

The company secretary drafts minutes of each meeting reflecting the issues which were discussed and the decisions which were taken. The minutes are approved by the chairman and subsequently by the board of directors during its next meeting. The minutes are kept at the registered office of the Company.

## **2.9. Remuneration of the directors**

Upon recommendation and proposal of the remuneration and nomination committee, the board of directors determines the remuneration of the directors to be proposed to the general shareholders' meeting.

Pursuant to Belgian law, the general shareholders' meeting approves the remuneration of the directors, including inter alia, each time as relevant, (i) in relation to the remuneration of executive and non-executive directors, the exemption from the rule that share based awards can only vest during a period of at least three years as of the grant of the awards, (ii) in relation to the remuneration of executive directors, the exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years, (iii) in relation to the remuneration of non-executive directors, any variable part of the remuneration and (iv) any provisions of service agreements to be entered into with executive directors providing for severance payments exceeding twelve months' remuneration (or, subject to a motivated opinion by the remuneration and nomination committee, eighteen months' remuneration).

The Company intends to award stock based incentives to the independent directors, upon advice of the remuneration and nomination committee. This is contrary to provision 7.7 of the Belgian Code on Corporate Governance that provides that non-executive directors should not be entitled to performance-related remuneration such as (amongst others) stock related long-term incentive schemes. The Company justifies this as it allows to limit the portion of remuneration in cash that it would otherwise need to pay to attract or retain (internationally) renowned experts with the most relevant skills, knowledge and expertise, and as this is customary for directors active in companies in the biotech and life sciences industry, and as the portion of the remuneration payable in options is limited.

The Company shall in any case reimburse reasonable out-of-pocket expenses of directors (including travel expenses) incurred in performing the activity of director. Without prejudice to the powers granted by law to the general meeting of shareholders, the board of directors sets and revises the rules for reimbursement of directors' business related out of pocket expenses.

## **2.10. Indemnification and insurance of directors**

The Company may, acting through the board of directors, enter into indemnification arrangements with the directors and take out directors and officers insurance coverage.

## **2.11. Right of information and inspection**

Each member of the board of directors may request information about all matters concerning the Company. During the meetings, any director may request information from the other members of the board of directors.

Between meetings, each director may request the chairman of the board of directors information concerning the Company's business and specific matters.

The right of access to information is subject, in the case of personal information concerning employees of the Company, to applicable privacy laws. Directors may only use the information they receive for the purpose of exercising their duties and must preserve the confidentiality of such information.

#### **2.12. Confidentiality**

Directors and others attending meetings of the board of directors have to deal carefully with confidential information which they received in their capacity of director or advisor and which they may only use in the framework of their mandate as director of the Company or otherwise.

#### **2.13. Conflicts of interest**

The directors are deemed to avoid, to the extent possible, to perform any actions, to defend certain positions, and to pursue certain interests, if this would conflict, or would give the impression to conflict, with the interests of the Company. If such conflicts of interest would occur, the director concerned shall immediately inform the chairman hereof.

In the event of a conflict of interest, the director must comply with the applicable legal provisions of the Belgian Companies Code (Article 523) and the articles of association of the Company and, more in particular, abstain from deliberation and voting on the transaction in which the conflict situation arises.

#### **2.14. Evaluation**

The board of directors evaluates its own size, composition, performance and interaction with executive management and that of its committees on a continuous basis.

The evaluation assesses how the board of directors and its committees operate, checks that important issues are effectively prepared and discussed, evaluates each director's contribution and constructive involvement, and assesses the present composition of the board of directors and its committees against the desired composition. This evaluation takes into account the members' general role as director, and specific roles as chairman, chairperson or member of a committee of the board of directors, as well as their relevant responsibilities and time commitment.

Non-executive directors assess their interaction with the executive management on a continuous basis.

#### **2.15. Special committees**

The board of directors can set up specialised committees to analyze specific issues and advise the board of directors on those issues. The committees are advisory bodies only and the decision-making remains within the collegial responsibility of the board of directors.

The board of directors determines the terms of reference of each committee with respect to the organisation, procedures, policies and activities of the committee. The board of directors appoints the members and chairman of each committee. Each committee must be composed of at least three members. A committee may invite any non-member to attend its meetings.

### **3. AUDIT COMMITTEE**

#### **3.1. Role of the committee**

The role of the audit committee is to supervise and review the financial reporting process, the internal control and risk management systems and the internal audit process of the Company. The

audit committee monitors the audit of the statutory financial statements, including the follow-up questions and recommendations by the statutory auditor. The audit committee also makes recommendations to the board of directors on the selection, appointment and remuneration of the external auditor and monitors the independence of the external auditor.

The committee should report regularly to the board of directors on the exercise of its duties, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

The committee is an advisory body only and the decision-making remains within the collegial responsibility of the board of directors.

### **3.2. Composition of the committee**

The members of the committee are appointed by the board of directors. They can be removed by the board of directors at any time. Only directors can be member of the committee, and their appointment cannot be for a term longer than their mandate as director.

The audit committee consists of three directors. The chief financial officer is a permanent guest to this committee. All members of the audit committee are non-executive directors. According to the Belgian Companies Code, at least one member of the audit committee must be independent and must have the necessary competence in accounting and auditing. While the audit committee of the board of directors is composed exclusively of non-executive directors, of which one independent directors, the audit committee does not have a majority of independent directors. This is contrary to provision 5.2/4 of the Belgian Code on Corporate Governance which provides that at least a majority of the audit committee's members should be independent. The chairperson of the audit committee, however, will be an independent director and will have a casting vote. The Company justifies this as it allows the audit committee to draw on the additional expertise of current members of the board of directors that have financial and auditing expertise.

The members of the audit committee must have sufficient expertise in financial matters to discharge their functions.

The board of directors appoints the chairman amongst the members of the audit committee, who cannot be the chairman of the board of directors.

### **3.3. Specific tasks of the committee**

#### **(a) Financial reporting**

The committee monitors the integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards used by the Company.

This review involves assessing the correctness, completeness and consistency of financial information.

The review covers periodic information before it is made public. It should be based on an audit program adopted by the committee.

The committee discusses significant financial reporting issues with the chief executive officer and chief financial officer and the external auditor.

#### **(b) Internal controls and risk management**

At least once a year, the committee reviews the internal control and risk management systems set up by executive management, with a view to ensuring that the main risks (including those relating to compliance with existing legislation and regulations) are properly identified, managed and disclosed.

The committee reviews the statements included in the annual report on internal control and risk management.

The committee reviews the specific arrangements made, by which staff of the Company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. If deemed necessary, arrangements should be made for proportionate and independent investigation of such matters, for appropriate follow-up action and arrangements whereby staff can inform the chairman of the committee directly.

The audit committee will be informed of potential/ effective litigations.

(c) Internal audit process

An independent internal audit function should be established within the Company, with resources and skills adapted to the Company's nature, size and complexity. If the Company does not have an internal audit function, the need for one should be reviewed at least annually by the committee.

The committee reviews the internal auditor's work program, having regard to the complementary roles of the internal and external audit functions. It should receive internal audit reports or a periodic summary thereof.

The committee reviews the effectiveness of the internal audit. In particular, it should make recommendations on the selection, appointment, reappointment and removal of the head of internal audit and on the budget allocated to internal audit, and should monitor the responsiveness of management to the committee's findings and recommendations.

(d) External audit process

The committee makes recommendations to the board of directors on the selection, appointment and reappointment of the external auditor and the terms of his or her engagement.

In accordance with the Belgian Companies Code, final proposals on the appointment of the external auditor are submitted to the general shareholders' meeting.

The committee monitors the external auditor's independence, in particular in view of the provisions of the Belgian Companies Code and the relevant legislation. The committee should obtain a report from the external auditor describing all relationships between the auditor and the Company.

The committee keeps the nature and extent of non-audit services under review. The committee should set and apply a formal policy specifying the types of non-audit services that are (i) excluded, (ii) permissible after review by the committee, and (iii) permissible without referral to the committee, taking into account the specific requirements of the Belgian Company Code and the relevant legislation.

The committee should be informed of the external auditor's work program. The committee should obtain timely information about any issues arising from the audit.

The committee reviews the effectiveness of the external audit process, and the responsiveness of executive management to the recommendations made in the external auditor's management letter.

The committee investigates the issues giving rise to the resignation of the external auditor (where applicable), and should make recommendations as to any required action.

(e) Point of contact for internal and external auditors

In addition to maintaining an effective working relationship with executive management, the internal and external auditors should be guaranteed free access to the board of directors. To this effect, the committee will act as the principal contact point for the internal and external auditors. The external auditor and the head of the internal audit have direct and unrestricted access to the chairman of the committee and the chairman of the board of directors.

### **3.4. Operation of the committee**

(a) Schedule of meetings

At the beginning of the year, the chairman of the committee will establish a schedule and agenda of subjects to be discussed during the year (to the extent that this can be foreseen). The committee shall have at least five (5) regularly scheduled meetings each year. At least twice (2) a year, the committee should meet the external and internal auditors, to discuss matters relating to its terms of reference and any issues arising from the audit process. Additional unscheduled meetings of the committee may be called upon at any time when the committee deems this necessary or upon the request of any member of the committee.

(b) Convening of meetings and advance distribution of materials

The meetings are convened by the chairman of the committee. The chairman will establish the agenda for each meeting of the committee. Each member is encouraged to suggest the inclusion of items on the agenda at any time. The agenda should list the topics to be discussed. If the chairman of the committee does not convene the meeting within seven (7) days following the request to call a meeting by another member, this member can convene the meeting.

The notice to convene a meeting of the committee must mention the place, date, hour and agenda for the meeting, and must be sent to the members at least one (1) week prior to the meeting. The due convening of a meeting cannot be challenged if all members are present or represented at the meeting.

Information that is important to the understanding of the committee of the business to be conducted at a meeting of the committee should be distributed in writing to the members before the meeting.

(c) Conduct of meetings

Meetings are held in person. Members that cannot be present at the meeting, can attend meetings via conference call, video conference or other communication means, provided that all members can communicate with each other.

The meetings of the committee are chaired by its chairman. In the absence of the chairman, the meetings are chaired by another member.

The committee decides whether, and if so, when the internal auditor and the external auditor

may take part in the meeting in an advisory and consulting capacity only. The committee is entitled to meet with any relevant person without any member of the executive management present.

The committee can only validly deliberate and resolve on matters that are included on the agenda of the meeting if at least two of the members are present at the meeting. On matters that are not included on the agenda of the meeting, the meeting of the committee can only validly deliberate and resolve if all members of the committee are present or represented at the meeting and agree to deliberate and resolve on such matter.

Each member can give a power of attorney to another member to represent him or her at a meeting.

All decisions within the committee require a simple majority of the votes cast at a validly convened and quorate meeting. In case the votes are tied, the director chairing the committee shall have a casting vote.

### **3.5. Access to information**

The members of the committee shall have unrestricted access to the offices and all information and papers kept by the Company. The members of the audit committee have full access to the executive management and to any other employee to whom they may require access in order to carry out their responsibilities. When requesting such information, each member shall inform the other members of the committee thereof and exchange such information with the other members of the committee. Where practical or appropriate such requests will be channelled through the chairman of the board of directors.

### **3.6. Reporting to the board of directors**

The committee shall prepare reports of its findings and recommendations. Such reports shall be submitted to the board of directors as soon as practically possible after each meeting of the committee.

The committee shall report regularly and at least once a year prior to the approval of the annual financial statements and annual report by the board of directors on the operations, findings and recommendations of the committee.

The other members of the board of directors have access to the working papers of the committee. Where practical or appropriate, requests to have such access should be made via the chairman of the **committee**.

### **3.7. Evaluation**

The committee should review annually its terms of reference and its own effectiveness and recommend any necessary changes to the board of directors.

## **4. REMUNERATION AND NOMINATION COMMITTEE**

### **4.1. Role of the committee**

The role of the remuneration and nomination committee is to make recommendations to the board of directors with regard to the appointment of directors, make proposals to the board of directors on the remuneration policy and individual remuneration for directors and members of the executive management, and to submit a remuneration report to the board of directors. In addition, the

remuneration and nomination committee each year submits the remuneration report to the annual general shareholders' meeting.

The committee is an advisory body only and the decision-making remains within the collegial responsibility of the board of directors.

#### **4.2. Composition of the committee**

The members of the committee are appointed by the board of directors. They can be removed by the board of directors at any time. Only directors can be member of the committee, and their appointment cannot be for a term longer than their mandate as director.

The remuneration and nomination committee must consist of at least three directors. All members of the remuneration and nomination committee are non-executive directors. According to the Belgian Companies Code, the remuneration and nomination committee must consist of a majority of independent directors.

The board of directors appoints the chairman of the remuneration and nomination committee, who may be the chairman of the board of directors.

Pursuant to the Belgian Companies Code, the remuneration and nomination committee must have the necessary expertise on remuneration policy, which is evidenced by the experience and previous roles of its current members.

The chief executive officer and the corporate secretary participate to the meetings of the remuneration and nomination committee in an advisory capacity.

#### **4.3. Specific tasks of the committee**

(a) As to remuneration:

- to make proposals on the remuneration policy for directors and executive management, for approval by the board of directors,
- to make recommendations on individual remuneration of directors and executive managers, including on bonuses and long-term incentives, whether stock-related or not, in the form of stock options or other financial instruments,
- to determine formal and transparent procedures on the remuneration of executive managers.

(b) As to nominations:

- to draft appointment procedures and criteria for members of the board of directors, the chief executive officer and direct reports of the chief executive officer;
- to prepare a selection of candidates in accordance with these procedures and criteria to fill vacancies as they arise;
- to assess periodically the size and composition of the board of directors and make recommendations to the board of directors with regard to any changes;
- to consider properly issues related to succession planning.

(c) At least once a year, the committee discusses with the chief executive officer both the

operation and performance of executive management. The chief executive officer should not be present at the discussion of his own evaluation. The evaluation criteria should be clearly specified.

#### **4.4. Operation of the committee**

(a) Schedule of meetings

At the beginning of the year, the chairman of the committee will establish a schedule and agenda of subjects to be discussed during the year (to the extent that this can be foreseen). The committee shall have at least three (3) regularly scheduled meetings each year. Additional unscheduled meetings of the committee may be called upon at any time when the committee deems this necessary or upon the request of any member of the committee.

(b) Convening of meetings and advance distribution of materials

The meetings are convened by the chairman of the committee. The chairman will establish the agenda for each meeting of the committee. Each member is encouraged to suggest the inclusion of items on the agenda at any time. The agenda should list the topics to be discussed. If the chairman of the committee does not convene the meeting within seven (7) days following the request to call a meeting by another member, this member can convene the meeting.

The notice to convene a meeting of the committee must mention the place, date, hour and agenda for the meeting, and must be sent to the members at least one (1) week prior to the meeting. The due convening of a meeting cannot be challenged if all members are present or represented at the meeting.

Information that is important to the understanding of the committee of the business to be conducted at a meeting of the committee should be distributed in writing to the members before the meeting.

(c) Conduct of meetings

Meetings are held in person. Members that cannot be present at the meeting, can attend meetings via conference call, video conference or other communication means, provided that all members can communicate with each other.

The meetings of the committee are chaired by its chairman. In the absence of the chairman, the meetings are chaired by another member.

The committee can only validly deliberate and resolve on matters that are included on the agenda of the meeting if at least two of the members are present at the meeting. On matters that are not included on the agenda of the meeting, the meeting of the committee can only validly deliberate and resolve if all members of the committee are present or represented at the meeting and agree to deliberate and resolve on such matter.

Each member can give a power of attorney to another member to represent him or her at a meeting.

All decisions within the committee require a simple majority of the votes cast at a validly convened and quorate meeting. In case the votes are tied, the chairman of the committee shall have a casting vote.

**4.5. Access to information**

The committee can have access to external advisors.

**4.6. Reporting to the board of directors**

The committee shall prepare reports of its findings and recommendations. Such reports shall be submitted to the board of directors as soon as practically possible after each meeting of the committee.

The committee shall report regularly and at least once a year prior to the approval of the annual financial statements by the board of directors on the operations, findings and recommendations of the committee.

The other members of the board of directors have access to the working papers of the committee. Where practical or appropriate, requests to have such access should be made via the chairman of the committee.

**4.7. Specific guidelines**

The members of the committee should treat the information of executive management discretely. When dealing with their own remuneration package, members should abstain from deliberations and resolutions within the committee. They should report such conflict of interest to the chairman of the board of directors and the chairman of the committee.

**4.8. Evaluation**

The committee should review annually its terms of reference and its own effectiveness and recommend any necessary changes to the board of directors.

**5. EXECUTIVE MANAGEMENT**

**5.1. Members of the executive management**

The executive management is composed of at least three (3) members and includes the chief executive officer, the chief financial officer and the chief medical/scientific officer (as the case may be). Its members are appointed by the board of directors on the basis of a recommendation by the remuneration and nomination committee. The Company's executive management does not constitute a comité de direction/directiecomité within the meaning of article 524bis of the Belgian Companies Code. The executive management is responsible and accountable to the board of directors for the discharge of its responsibilities.

**5.2. Chief executive officer**

The board of directors appoints the chief executive officer and determines the powers of the chief executive officer.

The chief executive officer is responsible for the day-to-day management of the Company. He may be granted additional well-defined powers by the board of directors. He has direct operational responsibility for the Company and oversees the organisation and day-to-day management of subsidiaries, affiliates and joint ventures. The chief executive officer is responsible for the execution and management of the outcome of all decisions of the board of directors.

The chief executive officer leads the executive management within the framework established by the board of directors and under its ultimate supervision. The chief executive officer reports directly to the board of directors.

### **5.3. Day-to-day management**

The board of directors has delegated the day-to-day management of the Company as well as certain management and operational powers to the chief executive officer. The chief executive officer is assisted by the chief financial officer and other members of the executive management.

### **5.4. Responsibilities of the executive management**

The executive management is responsible for:

- operating Asit Biotech SA;
- implementing the policy and plans of the Company as defined by the board of directors and in accordance with its instructions;
- executing the decisions made by the board of directors;
- assessing the achievement of the targets for the business of the Company;
- preparing corporate policies, strategies and strategic plans for the attention of and approval by the board of directors or its committees;
- promoting an active internal and external communications policy;
- ensuring that management capacity, financial and other resources are provided and used efficiently;
- for submitting to the board of directors or to one of its committees for approval or advice in accordance with such regulations and standards as are promulgated by the board of directors from time to time: (a) capital investment, financial measures and acquisition or divestiture of companies, participations and businesses of material significance, and (b) material agreements with third parties and engagement in new business activities;
- preparing the Company's yearly business plan and yearly budget to be submitted to the board of directors;
- establishing an independent internal audit function with resources and skills adapted to the company's nature, size and complexity. If the Company does not have an internal audit function, the need for one should be reviewed at least annually;
- setting up the Company's internal control and risk management systems and submit them for approval to the board of directors;
- promulgating guidelines, including guidelines for planning, controlling, reporting, finance, personnel, information and other technologies; and
- dealing with such other matters as are delegated by the board of directors from time to time.

In principle, the executive management meets once a week in person or via telephone.

### **5.5. Remuneration**

The remuneration of the chief executive officer and the other members of the executive management is based on recommendations made by the remuneration and nomination committee. The chief executive officer participates to the meetings of the remuneration and nomination committee in an

advisory capacity each time the remuneration of another member of the management is being discussed.

The remuneration is determined by the board of directors. As an exception to the foregoing rule, pursuant to Belgian law the general shareholders' meeting must approve, as relevant, (i) in relation to the remuneration of members of the executive management and other executives, an exemption from the rule that share based awards can only vest during a period of at least three years as of the grant of the awards, (ii) in relation to the remuneration of members of the executive management and other executives, an exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years, and (iii) any provisions of service agreements to be entered into with members of the executive management and other executives (as the case may be) providing for severance payments exceeding twelve months' remuneration (or, subject to a motivated opinion by the remuneration and nomination committee, eighteen months' remuneration).

An appropriate proportion of the remuneration package shall be structured so as to link rewards to corporate and individual performance, thereby aligning the interest of the executive management with the interests of the Company and its shareholders. The chief executive officer will determine whether the targets for the variable remuneration of the members of the executive management, as set by the board of directors are met.

#### **5.6. Conflicts of interest**

The members of the executive management are deemed to avoid, to the extent possible, to perform any actions, to defend certain positions, and to pursue certain interests, if this would conflict, or would give the impression to conflict, with the interests of the Company. If such conflicts of interest would occur, the concerned member of the executive management must immediately inform the chief executive officer hereof, who will in turn inform the board of directors.

### **6. SHARES AND SHAREHOLDERS**

#### **6.1. Overview shares and other securities**

For an overview of the Company's outstanding shares and outstanding securities that are convertible or exercisable into shares, reference can be made to the Company's website.

#### **6.2. Form of the shares**

All of the shares belong to the same class of securities and are in registered or dematerialised form. A register of registered shares (which may be held in electronic form) is maintained at the Company's registered office. It may be consulted by any holder of shares. A dematerialised share will be represented by an entry on a personal account of the owner or holder, with a recognised account holder or clearing and settlement institution. Holders of shares may elect, at any time, to have their registered shares converted into dematerialised shares, and vice versa, at their own expense.

#### **6.3. Transferability of the shares**

The shares are freely transferable. This is without prejudice to certain restrictions that may apply pursuant to applicable securities laws requirements or the articles of association of the Company (lock-up provision).

**6.4. Currency of the shares**

The Company's shares do not have a nominal value, but reflect the same fraction of the Company's share capital, which is denominated in euro.

**6.5. Voting rights attached to the shares**

Each shareholder of the Company is entitled to one vote per share.

**6.6. General shareholders' meetings**

The Company encourages its shareholders to participate in general shareholders' meetings. In order to facilitate this, shareholders may vote in absentia by proxy voting. Agendas and all other relevant information are made available on the Company's website in advance of general shareholders' meetings.

**6.7. Notification of significant shareholdings**

Pursuant to the Belgian Act of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions, a notification to the Company and to the FSMA is required by all natural and legal persons in the following circumstances:

- an acquisition or disposal of voting securities, voting rights or financial instruments that are treated as voting securities;
- the holding of voting securities upon first admission thereof to trading on a regulated market;
- the passive reaching of a threshold;
- the reaching of a threshold by persons acting in concert or a change in the nature of an agreement to act in concert;
- where a previous notification concerning the voting securities is to be updated;
- the acquisition or disposal of the control of an entity that holds the voting securities; and
- where the Company introduces additional notification thresholds in the articles of association,

in each case where the percentage of voting rights attached to the securities held by such persons reaches, exceeds or falls below the legal threshold, set at 5% of the total voting rights, and 10%, 15%, 20% and further multiples of 5% or, as the case may be, the additional thresholds provided in the articles of association. The Company has not provided for an additional threshold in the articles of association.

The notification must be made as soon as possible and at the latest within four trading days following the acquisition or disposal of the voting rights triggering the reaching of the threshold. Where the Company receives a notification of information regarding the reaching of a threshold, it has to publish such information within three trading days following receipt of the notification.

The forms on which such notifications must be made, as well as further explanations, can be found on the website of the FSMA ([www.fsma.be](http://www.fsma.be)). Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability. The FSMA may also impose administrative sanctions.

The Company is required to publicly disclose any notifications received regarding increases or

decreases in a shareholder's ownership of the Company's securities, and must mention these notifications in the notes to its financial statements. A list as well as a copy of such notifications will be accessible on the Company's website ([www.asitbiotech.com](http://www.asitbiotech.com)).

**6.8. Rules preventing market abuse**

With a view to preventing market abuse (insider dealing, market manipulation), the board of directors has established a dealing code, attached hereto as Annex 1 (the "**Dealing Code**"). The Dealing Code describes the declaration and conduct obligations of directors, members of the executive management, certain other employees and certain other persons with respect to transactions in Company shares or other financial instruments. The Dealing Code sets limits on carrying out transactions in Company shares and allows dealing by the aforementioned persons only during certain windows.

To implement and monitor the Dealing Code, the board of directors has designated a compliance officer whose responsibilities are set out in the Dealing Code.

The board of directors shall take all necessary and useful measures for effective and efficient execution of the Belgian rules on market abuse.

**7. MISCELLANEOUS**

**7.1. Changes to the Charter**

The board of directors may amend this Charter from time to time without prior notice. It may also decide to deviate from this Charter subject to disclosure thereof in the Statement of the Company's annual report. Third parties do not derive any rights from such modification or deviation.

**7.2. Priority**

In case of any contradiction between a provision of this Charter and an applicable mandatory law or regulation, such law or regulation supersedes the provision of this Charter.

**7.3. Governing law**

This Charter is governed by and construed in accordance with Belgian law.

## APPENDIX 1

### DEALING CODE

The board of directors of the Company has adopted this set of rules (the "**Dealing Code**") with a view to preventing market abuse.

Market abuse comprises both insider dealing and market manipulation. It harms the proper functioning of financial markets and the public confidence in securities and derivatives. The objective of legislation prohibiting insider dealing and market manipulation is to ensure the smooth functioning of securities markets and to enhance investor confidence in those markets. This implies that all market participants must be treated equally.

Without prejudice to any other applicable laws and regulations on insider dealing and market manipulation, the Company's directors, members of the executive committee and employees must refrain from any acts of insider dealing and market manipulation as defined and restricted by the Belgian Act of 2 August 2002 on the supervision of the financial sector and the financial services (the "**Belgian Act**").

The Dealing Code sets out minimum standards to be followed when dealing in the Company's shares or other financial instruments. It does not contain an exhaustive overview of all applicable laws and regulations on insider dealing and market manipulation and does not purport to replace such laws and regulations, with which full compliance is required.

#### 1. SCOPE

##### 1.1. Key Persons

The Dealing Code describes the declaration and conduct obligations of directors, members of the management and certain other persons who are likely to be in possession of "inside information" (together the "**Key Persons**") with respect to transactions in Company shares or other financial instruments.

A list of Key Persons must be established and regularly updated by the compliance officer, in the form provided by FSMA (see Article 18 MAR Regulation and FSMA circular 2016\_08 dated 18.05.2016).

##### 1.2. Connected Persons and financial intermediaries

Each Key Person is personally responsible for properly informing his or her spouse, partner, parents, children, household members, as well as his/her affiliates within the meaning of Article 11 of the Belgian Companies Code (hereinafter a "**Connected Person**") of the provisions of this Dealing Code and for monitoring compliance by them with this Dealing Code.

Key Persons must advise all of their Connected Persons and investment managers acting on their behalf or for their account of (a) their position with the Company, including that they are a Key Person under this Dealing Code, and (b) the periods during which they cannot deal.

#### 2. PRINCIPLE

The Dealing Code sets limits on carrying out transactions in the Company's shares and other financial instruments exercisable or convertible into shares, and allows dealing by Key Persons (and by Key Persons' financial intermediaries and Connected Persons) only during certain periods of time.

Persons may not engage in any dealing during Closed Periods and Prohibited Periods (as defined below).

Outside those periods, Key Persons may not deal without first having informed the compliance officer.

Key Persons must take appropriate measures to prevent their financial intermediaries and Connected Persons from dealing during Closed Periods and Prohibited Periods. In addition, Key Persons must make their financial intermediaries and Connected Persons aware of the need to confer with them before dealing in Company shares or other financial instruments.

### **3. CLOSED PERIODS**

Key Persons (and Key Persons' financial intermediaries and Connected Persons) may not carry out transactions in Company shares or other financial instruments during the period starting one month prior to the announcement of the annual, half-yearly, quarterly or other interim results (including trading updates) of the Company, as the case may be, and ending at the close of the first trading day following the announcement or, if shorter, the period starting on the last day of the relevant financial period and ending at the close of the first trading day following the announcement (the "**Closed Periods**").

At the end of each financial year, the compliance officer will give notice of the Closed Periods for the following financial year. Any changes thereto in the course of the year will be notified at once.

### **4. PROHIBITED PERIODS**

Key Persons (and Key Persons' financial intermediaries and Connected Persons) may not engage in any dealing during Prohibited Periods.

A "Prohibited Period" is any period, other than a Closed Period, which the board of directors, the chief executive officer, the chief financial officer or the compliance officer has determined to be a sensitive period.

Prohibited Periods must not necessarily be notified to all Key Persons by the compliance officer for reasons of maintaining confidentiality and may be exclusively notified to those Key Persons that the board of directors, the chief executive officer, the chief financial officer or the compliance officer deem relevant.

### **5. PRIOR NOTIFICATION TO THE COMPLIANCE OFFICER**

The board has designated a compliance officer to implement and monitor this Dealing Code.

A Key Person may not deal in Company shares or other financial instruments exercisable or convertible into shares without notifying the compliance officer in advance of the proposed dealing by completing and submitting a dealing notification form (Annex C) to the compliance officer. Such form can be obtained from the compliance officer.

If the compliance officer is the applicant, the notification must be made to the chairman of the board of directors.

### **6. REPORTING**

#### **6.1. Reporting to the compliance officer**

After a dealing has been executed by a Key Person in accordance with Section 5 of this Dealing

Code, the effective date and place of the dealing, the nature of the dealing (purchase, sale, etc.), the number of financial instruments involved and the total dealing price must be notified by e-mail to the compliance officer within 2 business days after the effective date.

6.2. **Manager's transactions - Reporting to the FSMA**

Without prejudice to the obligation provided under point 6.1 above, the person's discharging managerial responsibilities, as well as persons closely associated with them, shall notify the FSMA of every transaction conducted on their own account relating to the shares or debt instruments of the Company. Such notification shall be made promptly and no later than three business days after the date of the transaction.

A form for this notification can be found at:

- Dutch: [http://www.fsma.be/nl/Supervision/fm/ma/trans\\_bl.aspx](http://www.fsma.be/nl/Supervision/fm/ma/trans_bl.aspx)
- French: [http://www.fsma.be/fr/Supervision/fm/ma/trans\\_bl.aspx](http://www.fsma.be/fr/Supervision/fm/ma/trans_bl.aspx)
- English: [http://www.fsma.be/en/Supervision/fm/ma/trans\\_bl.aspx](http://www.fsma.be/en/Supervision/fm/ma/trans_bl.aspx)

The FSMA will itself make public the information.

**7. EMPLOYEE SHARE AND PARTICIPATION PLANS**

The provisions of this Dealing Code apply to the exercise of share awards, stock options or other financial instruments issued by the Company in the context of employee share plans or employee participation plans.

**8. RECORDS**

The compliance officer must maintain, at the registered office of the Company, a written record of all notifications of intended and executed dealings.

**9. DURATION**

Anyone who has been a Key Person remains bound by the provisions of this Dealing Code until the expiration of 3 months from the date on which such person has ceased to be a Key Person.

**10. RULES ON MARKET ABUSE**

Annex A summarises the main aspects of the Belgian rules on market abuse (insider dealing and market manipulation) as contained in the Belgian Act.

**11. ANNEXES**

- Annex A: Market Abuse Rules
- Annex B: Dealing Code Consent Form, to be signed by all Key Persons
- Annex C: Dealing Notification Form

## **Annex A: Insider Dealing and Market Abuse**

### **1. Legal framework**

The basic legal framework regarding insider dealing and market abuse under Belgian law is currently set forth in the Belgian Act of 2 August 2002 on the supervision of the financial sector and the financial services. This framework is based on the EU Market Abuse Regulation (i.e. Regulation No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. As the framework is based on EU legislation, similar rules on insider dealing and market abuse exist in other jurisdictions of the European Economic Area (EEA).

### **2. Financial instruments are covered by the legal framework**

The Belgian rules on insider dealing and market abuse apply in relation to:

- financial instruments (such as shares, warrants, bonds, etc.) admitted to trading on a regulated market (*e.g.* Euronext Bruxelles) or an MTF (*e.g.* Alternext, Marché Libre) in Belgium (or of which the admission to trading to such market or platform is pending), irrespective of whether the acts concerned are performed in Belgium or abroad, and irrespective of whether the acts concerned are performed on or outside of the market or platform concerned; and
- financial instruments admitted to trading on a regulated market or other specific trading platform elsewhere in the European Economic Area (or of which the admission to trading to such market or platform is pending), insofar as the acts concerned are performed in Belgium, irrespective of whether the acts concerned are performed on or outside of the market or platform concerned.

The rules on insider dealing also apply to financial instruments that are not admitted to trading on a regulated market or other specific trading platform in Belgium or elsewhere in the European Economic Area, but of which the value is dependent on a financial instrument as referred to in the first or second bullet above.

Specific rules exist regarding commodities, as well as for persons charged with the execution of orders concerning financial instruments. These rules are not further discussed herein.

### **3. Inside information**

"Inside information" means information of a precise nature which has not been made public, relating, directly or indirectly, to one or more issuers of financial instruments or to one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

Information shall be deemed to be of a "precise nature" if it indicates a set of circumstances which exists or may reasonably be expected to come into existence or an event which has occurred or may reasonably be expected to do so and if it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of financial instruments or related derivative financial instruments. In the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or

that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.

"Information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments or related derivative financial instruments" shall mean information a reasonable investor would be likely to use as part of the basis of his investment decisions.

#### **4. Prohibited insider dealing**

The Belgian Act of 2 August 2002 imposes a number of specific prohibitions on insider dealing. Non-compliance with these prohibitions could lead to criminal liability (subject to criminal fines and jail sentences) and/or administrative fines imposed by the Belgian securities regulator, i.e. the Belgian Financial Services and Markets Authority (FSMA). The criminal and administrative fines can be doubled or tripled depending on whether the person breaching the prohibition has derived financial gains from the prohibited transaction.

Summarised, persons who possess inside information and who know or reasonably should know that the information concerned constitutes inside information, may not do any of the following:

- no trading: they may not (use such inside information to) acquire or dispose of, or attempt acquiring or disposing of, for their own account or for the account of a third party, either directly or indirectly, the financial instruments to which the inside information relates. The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information, shall also be considered to be insider dealing;
- no tipping: they may not disclose such inside information to any other person, unless such disclosure is made in the normal course of the exercise of their employment, profession or duties;
- no recommendation: they may not, on the basis of inside information, recommend or induce another person to acquire or dispose of financial instruments to which the inside information relates, or to have such financial instruments acquired or disposed of by others.

The prohibitions apply regardless of whether the person concerned makes any gain through the prohibited operation.

The administrative prohibition applies to any person who possesses inside information and who knows or reasonably should know that the information concerned constitutes inside information. The criminal regime applies to primary and secondary insiders:

- Primary insiders are:
  - any person possessing inside information of which he/she is aware, or ought reasonably to be aware, that it is inside information, by virtue of their membership of the governing, management or supervisory bodies of the issuer, their holding in the capital of the issuer, or their having access to the inside information through the exercise of their employment, profession or duties;
  - any person possessing inside information because of his/her criminal activities;
  - in the case of a company or another legal person, any natural person involved in the decision to execute a transaction or place an order for the account of the legal person concerned;

- in the case of an investment firm, a debt investment firm or the management firms of collective investment undertakings, any member of the bodies of such firms, companies or undertakings and their staff members who possess inside information in relation to a financial instrument in the portfolio of the firm, company or undertaking concerned.
- Secondary insiders are persons who possess inside information, while they know or reasonable should know that it is inside information, and that, directly or indirectly, comes from a primary insider.

In practice, the difference between primary and secondary insiders is less important, in view of the broad scope of the administrative regime.

Under Belgian law, the criminal sanctions on insider trading apply when a (primary or secondary) insider uses inside information for trading.

The administrative prohibition on insider trading, however, is worded in such a way that it applies to trading by any person who has inside information, regardless of whether he or she actually uses such inside information for his or her trading, while the criminal sanctions only apply when he or she actually uses such inside information for trading. The law provides for some limited exemptions that nevertheless allow trading in such event (such as the acquisition or disposal of financial instruments in execution of a legal obligation based on an agreement that was entered into before the person concerned obtained inside information).

Issuers with financial instruments admitted to trading on a Belgian regulated market must keep detailed insider lists that must mention all persons who work for them (under an employment contract or otherwise) and who have regular or occasional access to inside information relating, directly or indirectly, to the issuer.

## **5. Other prohibitions**

Apart from the above prohibition on insider dealing, Belgian law also contains a number of prohibitions on market manipulation:

- No one may enter into transactions or place orders to trade:
  - that give, or are likely to give, false or misleading signals with respect to the supply of, demand for or the price of one or more financial instruments, or
  - whereby one or more persons on the basis of mutual arrangements maintain the market price of one or more financial instruments on an abnormal or artificial level,unless the person who executed the transactions or placed the trading orders establishes that his/her reasons for doing so are legitimate and that these transactions or trading orders conform to accepted market practices on the market concerned.
- No one may carry out transactions or place orders using fictitious constructions or any other form of fraud or deception.
- No one may disseminate information or rumours, via the media, the internet or any other channel that gives or could give incorrect or misleading signals on financial instruments, whereby the person concerned knows or should have known that the information was incorrect or misleading.
- No one may transmit false or misleading information or providing false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behaviour

which manipulates the calculation of a benchmark.

- No one may perform other acts, designated by the King upon the recommendation by the FSMA, that hamper or disrupt the proper functioning, integrity and transparency of the market or could do so.
- No one may participate in any arrangement that with a view to the performance of any act as referred to in bullet one to four above.
- No one may induce one or more other persons to perform acts that, were he himself to perform them, would be prohibited under bullet one to four above.

Non-compliance with these prohibitions could lead to criminal liability (subject to criminal fines and jail sentences) and/or administrative fines imposed by the FSMA. The administrative fines can be doubled or tripled depending on whether the person breaching the prohibition has derived financial gains from the prohibited action or transaction.

**Annex B: Dealing Code Consent Form**

I, the undersigned, confirm that:

- I have received and read the declaration and conduct obligations as set out in the Dealing Code of Asit Biotech SA (the "Company");
- I am aware of the restrictions that the Dealing Code imposes on the trade in securities;
- as a result of my employment or my collaboration with the Company, the Dealing Code is applicable to myself and to the persons who are connected to me;
- I undertake to comply with this Dealing Code;
- I am aware of the fact that, in addition to the Dealing Code, I am subject to the applicable Belgian legislation (criminal sanctions) concerning insider trading and market manipulation.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Annex C: Dealing Notification Form**

I, the undersigned, hereby notify Asit Biotech SA (the "Company") that:

- I act:

for myself

for (describe other person or legal entity): \_\_\_\_\_

(Please tick applicable box)

- I intend to:

purchase

sell

exercise

exercise and immediately sell

(describe other transaction): \_\_\_\_\_

\_\_\_\_\_ (number) of

share(s)

subscription right(s)

warrant(s)

(describe other financial instrument): \_\_\_\_\_

(Please tick applicable box)

- I am not in the possession of any inside information as defined in the Dealing Code of the Company and/or the relevant Belgian legislation.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_