

RULES OF PROCEDURE

**for the Board of Directors of DanCann Pharma A/S, business reg. no.
39 42 60 05**

1. First meeting of the Board of Directors

- 1.1 Immediately following the annual general meeting, or an extraordinary general meeting at which the composition of the Board of Directors has been changed, the Board of Directors shall hold its first meeting.
- 1.2 The Board of Directors shall elect its own chairman by a simple majority of votes. In the event of equality of votes, the chairman must be elected by drawing lots.

2. Number and notice of board meetings

- 2.1 The chairman shall ensure that the Board of Directors holds a meeting when required and that all members are summoned. A member of the Board of Directors, a member of the Executive Board or the Company's auditor elected at the general meeting may demand that the Board of Directors be summoned.
- 2.2 A board meeting must as a minimum be held once every quarter of a year.
- 2.3 The meetings are held at the address of the Company, unless the chairman has specified another place in Denmark in the notice of the meeting.
- 2.4 Notice of a board meeting must usually be sent by letter or by email as far as possible minimum eight (8) days before the meeting. Along with the notice, each board member will receive the agenda and any material to be used. A member of the Board of Directors or of the Executive Board may demand that specific items be included on the agenda.

3. Written and electronic board meetings

3.1 Provided that it is in accordance with the performance of the duties of the members of the Board of Directors, board meetings may be held in writing or by use of electronic media instead of physical attendance. However, a member of the Board of Directors or of the Executive Board may demand that an oral discussion takes place (e.g. via conference call or video conference).

3.2 If a board meeting is to be held without the members being gathered (physically or virtually), only the board members who as a minimum make a statement that is entered in the minutes will be regarded as represented at the board meeting. Board members who do not react to the material forwarded will not be regarded as represented.

4. Agenda

4.1 The agenda of the ordinary meetings must include the following items:

- Minutes and auditor's records;
 - a. Review, approval and signing of the minutes of the last board meeting (minutes of proceedings);
 - b. Follow-up on board resolutions previously passed, e.g. any resolution passed by the Board of Directors in writing, electronically or by telephone since the last meeting;
 - c. Presentation and review of any entries in the auditor's records (prior to their signing) or any other reporting from the Company's auditor;
- Information from the chairman;
- The report of the Executive Board on the Company's activities and any recommendations, e.g.:
 - a. General information
 - b. Review of interim financial statements prepared since the last board meeting, report on any budgetary deviations and review of the revised budget for the rest of the financial year;
 - c. The cash position of the Company;
 - d. The Company's order book;
 - e. Any other material matters;
 - f. Proposed new projects and/or investments.
- Business to be transacted;

- Scheduling of future meetings;
- Any other business.

4.2 The following items must be discussed if required and in any circumstances as a minimum at one meeting each year:

- Review and, if required, revision of the objective of and principal guidelines (strategies) for the operations of the Company;
- Review and approval of the budget for the coming year and any budget forecast for the subsequent two financial years.
- Draft annual report;
- The result of examinations concerning the Company's beneficial owners, see clause **Fejl! Henvisningskilde ikke fundet.7.3.**
- Review of the organisation of the Company, including accounting function, internal control, computer organisation and budgeting;
- Review of overall insurance matters, financing matters, cash flow and special risks;
- Review of the valuation of major assets and other risks, e.g. large commitments;
- Review and, if required, revision of the guidelines of the Board of Directors for the Executive Board's management of the Company;
- Review and, if required, revision of these Rules of Procedure.

5. Meetings and quorum, etc.

5.1 The meetings of the Board of Directors are presided over by the chairman.

5.2 The Board of Directors forms a quorum when more than half of its members are represented. However, resolutions may not be passed without all board members having had the opportunity, as far as possible, to participate in the transaction of business.

5.3 If a member is absent and an alternate has been elected, the alternate is entitled to take the place of the absent member for the duration of such member's absence. Unless otherwise decided by the Board of Directors or specified in the Articles of Association, a member may in isolated cases vest another member with authority instead of calling in an alternate if this is appropriate considering the matter to be discussed.

- 5.4 The resolutions of the Board of Directors are passed by a simple majority of votes.
- 5.5 Although he/she is not a member of the Board of Directors, a member of the Executive Board is entitled to attend and speak at the meetings of the Board of Directors unless the Board of Directors decides otherwise in specific cases.
- 5.6 The Company's auditor elected at the general meeting is entitled to attend the meetings of the Board of Directors during the discussion of the annual reports, etc., e.g. matters of importance for the annual report and/or the audit. The Company's auditor is obliged to participate in the meetings of the Board of Directors if only one member of the Board of Directors so requests.
- 5.7 A member of management may not participate in the discussion of matters concerning agreements between the Company and the member itself or actions against the member itself or agreements between the Company and third party or actions against third party if such member has a significant interest therein that may conflict with that of the Company. The individual members of management are obliged to point out, on their own initiative, any disqualification prior to the discussion of such matters. If there is doubt about the impartiality of a member of management, the non-affected board members must make a resolution thereon.

6. Minutes of proceedings

- 6.1 The chairman shall ensure that the negotiations and resolutions of the Board of Directors are entered in the minutes of the meeting.
- 6.2 The minutes must include the following information:
- The time and place of the meeting;
 - The participants in the meeting;
 - The chairman of the meeting;
 - The agenda and the negotiations and resolutions for each item on the agenda;
 - The person taking the minutes.

- 6.3 The minutes must state the bases, assumptions and conditions on which the discussions have been based and must emphasise the factors and circumstances to which the Board of Directors has attached material importance. In that connection it must be stated if any weighing of different factors and circumstances has taken place prior to a resolution being passed.
- 6.4 The minutes must be prepared and sent to the members of the Board of Directors as soon as possible after the meeting.
- 6.5 A member of the Board of Directors or of the Executive Board present at the meeting who disagrees with a resolution is entitled to have his/her opinion entered in the minutes.
- 6.6 The minutes must be signed by all the members of the Board of Directors who were present at the meeting.
- 6.7 Members of the Board of Directors who do not participate in a board meeting are obliged to subsequently acquaint themselves with the discussions that took place and the resolutions that were passed at the meeting. Such members of the Board of Directors shall date and sign the minutes as "read" to indicate that they have been made aware of the contents thereof.
- 6.8 The minutes must be organised such that the risk of subsequent additions, corrections or omissions is as small as possible. The minutes must be kept as a loose-leaf system. Thus the chairman or another member of the Board of Directors shall write their initials on each page.
- 6.9 Each page of the minutes must be numbered consecutively.
- 6.10 If resolutions are passed at electronic or written board meetings, it must be stated in the minutes.
- 6.11 If the Board of Directors invites others, e.g. an external adviser, a consultant or another person, to participate during the discussion of one or more items on the agenda, it must be entered in the minutes during which items such parties participated.

7. Register of shareholders

- 7.1 The Board of Directors shall ensure that a register of all shareholders is set up and kept, see section 50 ff of the Danish Companies Act.
- 7.2 In that connection the Board of Directors shall ensure that the register of shareholders contains information about significant shareholdings, see sections 55 and 56 of the Danish Companies Act, and that the information is registered in the IT system of the Danish Business Authority (legal owners) as soon as possible, see section 58 of the Danish Companies Act.
- 7.3 Moreover, the Board of Directors shall ensure that information about the Company's beneficial owners is obtained, including information about the beneficial owners' rights, and that the information obtained is registered in the IT system of the Danish Business Authority (beneficial owners) as soon as possible after the Company has been notified of the beneficial ownership, see section 58 a of the Danish Companies Act. The Board of Directors shall ensure that it is examined at least once a year whether there are any changes to the registered information about the Company's beneficial owners. The result of the annual examination must be presented at the board meeting at which the Board of Directors approve the annual report.

8. The duties of the Board of Directors and of the Executive Board

- 8.1 The Board of Directors appoints and dismisses the Executive Board of the Company and, in cooperation with the Executive Board, it is in charge of the management of the Company.
- 8.2 The Executive Board is in charge of the day-to-day management of the Company and shall comply with the guidelines and instructions laid down by the Board of Directors. The Board of Directors prepares instructions for the Executive Board which e.g. lay down procedures for the Executive Board's reporting to the Board of Directors, for the communication between the Board of Directors and the Executive Board and for evaluation of the work of the Executive Board.
- 8.3 The Executive Board shall ensure that the bookkeeping of the Company is in accordance with the relevant statutory rules and that the asset management is adequate. In addition, the Executive Board shall also ensure that the financial resources of the Company are adequate at all times, and that the Company has sufficient liquidity to meets its current

and future liabilities as they fall due. The Company is thus obliged at any time to assess its financial position and ensure that the available capital resources are adequate.

- 8.4 The day-to-day management of the Executive Board does not include decisions which are, in the context of the Company, of an unusual nature or significance. Such decisions may only be made by the Executive Board subject to special authorisation by the Board of Directors unless the resolution of the Board of Directors cannot be awaited without material inconvenience to the business of the Company. In that case, the Board of Directors must be informed of the decision made as soon as possible.
- 8.5 The Board of Directors is in charge of the overall and strategic management of the Company.
- 8.6 The Board of Directors shall ensure adequate organisation of the business of the Company and in that connection lay down the principal guidelines for how the business is to be organised, e.g. which limits are to apply to investments, how the Company is going to be financed, and which management and appointments policies are to apply.
- 8.7 The Board of Directors shall also ensure
- that the bookkeeping and financial reporting procedures are satisfactory, considering the Company's situation;
 - that adequate risk management and internal control procedures have been established;
 - that the Board of Directors continuously receives adequate information about the Company's financial position;
 - that the Executive Board performs its duties properly and as directed the Board of Directors; and
 - that the financial resources of the Company are adequate at all times, and that the Company has sufficient liquidity to meets its current and future liabilities as they fall due. The Company is thus obliged at any time to assess its financial position and ensure that the available capital resources are adequate.
- 8.8 The Board of Director primarily supervises the Executive Board through review of the Company's accounts and audit book entries, secondarily through other types of reporting under these Rules of Procedure or upon the Board of Directors' demand.

8.9 The Board of Directors shall demand that it receives all the information required for the performance of its duties and, depending on the circumstances, it shall check or ask the Company's auditor to check the Company's books and verify the existence of the assets.

9. Annual report

9.1 The Executive Board shall prepare and submit the draft annual report to the Board of Directors for approval.

9.2 The Board of Directors shall ensure that the annual report gives a true and fair view of the Company's financial position and result, and that it has been prepared in accordance with the law, the Articles of Association, good business practice and sound auditing practices.

9.3 The Board of Directors shall also ensure that the annual report is audited and adopted in time, and the Board of Directors shall ensure that the annual report is submitted to the Danish Business Authority within the time limits specified by law.

9.3.1 The annual report must be signed and dated by the Board of Directors and the Executive Board in conjunction with a management's statement. Although a member of the Board of Directors or of the Executive Board disagrees in whole or in part with the annual report or has objections to the adoption thereof with the resolved contents, such member is not entitled to refuse to sign the annual report. However, such member may specify in full his/her objections along with his/her signature and the management's statement.

9.4 The Board of Directors shall propose a resolution for the application of profit or covering of loss according to the annual report and submit such proposed resolution for adoption at the annual general meeting. The Board of Directors shall also propose a resolution for remuneration of the work performed by the Board of Directors during the financial year comprised by the annual report and submit the proposed resolution for adoption at the annual general meeting.

10. Audit

- 10.1 Any member of the Board of Directors may demand the presence of the Company's auditor at a board meeting.
- 10.2 The Company's auditor elected at the general meeting is entitled to attend the meetings of the Board of Directors during the discussion of the annual reports, etc., e.g. matters of importance for the annual report and/or the audit. The auditor shall e.g. state whether in his/her opinion the annual report gives a true and fair view of the Company's assets and liabilities, financial position and operating result.
- 10.3 For the Board of Directors the auditor shall keep auditor's records stating which audit work has been performed and the conclusions made in that connection. The auditor's records must be in compliance with the rules of auditing laid down by law and sound auditing practices.
- 10.4 The auditor's records must be presented at each meeting of the Board of Directors and be signed by all members of the Board of Directors. Non-attending members shall sign the auditor's records later. The auditor shall send any entry in the auditor's records directly to each member of the Board of Directors prior to the meeting.
- 10.5 A new member joining the Board of Directors shall receive the auditor's most recent entry in the auditor's records relating to the purpose of the audit, its performance and scope, and division of responsibility.

11. Provision of information, etc. to the auditor

- 11.1 The management of the Company shall provide any auditor or scrutiniser elected at the general meeting to make a declaration on the Company's affairs with the information deemed important to the assessment of the Company and, if the Company is a parent company, its group as defined in the Danish Financial Statements Act.
- 11.2 The management of the Company shall grant any auditor or scrutiniser elected at the general meeting to make a declaration on the Company's affairs a right to make any investigations that he/she deems necessary and shall provide the auditor or scrutiniser with any information and assistance that he/she deems necessary to perform his/her duties.

12. General meetings

12.1 The Board of Directors shall convene general meetings and prepare the agenda of the general meeting in due consideration of the Articles of Association.

13. Directors' liability insurance

13.1 The chairman of the Board of Directors shall ensure that a directors' liability insurance policy is taken out on standard terms.

14. Duty of confidentiality

14.1 All information, oral as well as written, including documents, received by a member of the Board of Directors is confidential. Members of the Board of Directors are under a duty of confidentiality with regard to any information obtained in their capacity of members of the Board of Directors, unless it concerns information on matters which according to a resolution by the Board of Directors or the Danish Companies Act are intended for immediate publication.

14.2 Each individual member of the Board of Directors is responsible for ensuring that any material received does not fall into the hands of third party.

14.3 If a member of the Board of Directors retires, such member must return any confidential material received in his/her capacity of board member to the chairman of the Board of Directors. If a member of the Board of Directors dies, the duty to return such material is incumbent on the estate of the deceased member.

15. Amendments and supplements

15.1 As required and minimum once a year, the Board of Directors shall review these Rules of Procedure and make any required amendments.

15.2 Any amendment of the Rules of Procedure must be resolved by a simple majority of votes.

15.3 The Rules of Procedure must be signed by all members of the Board of Directors. It means that new board members shall acknowledge receipt of the Rules of Procedure in force by signing them. Thereby it is ensured that all board members have knowledge of the Rules of Procedure.


Adopted at the board meeting held on the 6th of July 2020.

The Board of Directors:









JEFFRE KROG NERVENSEN
