

# Corporate governance report

BioInvent applies the Swedish Corporate Governance Code ("the Code"). In addition to the Code, BioInvent also complies with applicable rules in the Swedish Companies Act, rules and recommendations ensuing from the Company's listing on Nasdaq Stockholm, and good practices on the stock market.

This corporate governance report has been prepared in accordance with the provisions of the Annual Accounts Act and the Code. The corporate governance report has been prepared as a document separate from the Annual Report, and is as such not part of the formal Annual Report documentation. The corporate governance report has been reviewed by the Company's auditor in accordance with the provisions of the Annual Accounts Act. The auditor's statement is attached to the report.

## Annual General Meeting

The Annual General Meeting ("AGM"), or as applicable, the Extraordinary General Meeting, is the supreme decision making body of BioInvent in which all shareholders are entitled to participate. The Articles of Association contain no restrictions regarding the number of votes that may be cast by a shareholder at a General Meeting and no special provisions regarding amendments of the Articles of Association.

The AGM addresses the Company's progress and resolves on a number of key issues, such as the adoption of the income statement and balance sheet, allocation of result, discharge from liability for the Board of Directors and the CEO, and the election of Board of Directors until the next AGM. Every second year, an auditor for the Company is elected for a term of two years and the AGM resolves on compensation for the auditor.

At the AGM 2018, the Board of Directors was authorised to resolve on the issue of not more than the number of new shares equivalent to 15 percent of the registered share capital (as per the date of the resolution on the issue of new shares), on one or several occasions during the period up to the next AGM.

The AGM 2018 was held on 24 April and the minutes are available on the BioInvent website. The AGM 2019 will be held in Lund on Thursday 25 April at 4 p.m.

Notification to attend the AGM is published no earlier than six and no later than four weeks before the Meeting. Proposals to the General Meeting should be addressed to BioInvent International AB, attn: Board of Directors, 223 70 Lund and submitted in good time before notification to attend the Meeting is issued, no later than seven weeks before the Meeting.

## Nominating Committee and shareholders

In accordance with the resolution of the AGM, the Nominating Committee shall consist of the Chairman of the Board as the convener, and a representative for each of the Company's three largest shareholders as of 31 August each calendar year. The Nominating Committee shall prepare all the elections and proposals of remuneration that come into question from the Nominating Committee has been appointed until a new Nominating Committee is appointed. The Nominating Committee is tasked with preparing proposals to present to the AGM regarding the election of Chairman of the General Meeting, election of Chairman of the Board and other Board members, resolution on remuneration of the Board of Directors, shared among the Chairman, other Board members and possible compensation for committee work and, where applicable, election of auditors and auditor's fees.

The Nominating Committee for the AGM 2018 consisted of Mattias Cramby (Mexor i Skellefteå AB), Erik Esveld (Van Herk

Investments B.V.), Vincent Ossipow (Omega Fund IV, LP) and the Chairman of the Board Björn O. Nilsson. The Nominating Committee formulated proposals regarding the Chairman of the General Meeting, the composition of the Board of Directors and remuneration of the Board of Directors as well as election of auditors and auditors fees. The Nominating Committee had four meetings and a number of telephone calls. No fees have been paid to the members of the Nomination Committee.

Pursuant to the Nomination Committees reasoned statement the Nomination Committee has, when preparing its proposal for Board members, applied Section 4.1 of the Code as diversity policy. The goal of the policy is that the Board of Directors shall have a composition appropriate to the Company's operations, phase of development and other relevant circumstances, characterised of diversity and breadth of qualifications, experience and background and that the Company shall strive for gender balance. The AGM 2018 resolved to elect Board members in accordance with the Nomination Committees' proposal, which resulted in the present Board of Directors. However, when preparing its proposal, the Nomination Committee concluded that the composition of the Board of Directors will not meet the ambition that 40 percent of the Board members shall represent the underrepresented gender, but noted that the two employee representatives appointed to the Board of Directors are women. At the AGM 2018, six Board members were elected, whereof one woman and five men.

The composition of the Nominating Committee for the AGM 2018 was presented on BioInvent's website on 16 January 2019. According to the Code, the Company must post the names of the Nominating Committee's members on the Company's website six months prior to the AGM and, where applicable, information on which shareholder the Committee member represent. Due to the fact that it has taken longer than anticipated to appoint the Nominating Committee, BioInvent has deviated from the abovementioned requirement. The Nominating Committee for the AGM 2019 consists of Mattias Cramby (Mexor i Skellefteå AB), Erik Esveld (Van Herk Investments B.V.), Vincent Ossipow (Omega Fund IV, LP) and the Chairman of the Board Leonard Kruimer. No fees have been paid to the members of the Nomination Committee.

No shareholder holds a stake equal to or greater than 10 percent of the votes of all shares in BioInvent.

## The Board of Directors and its work

BioInvent's Board of Directors is elected annually at the AGM for the period until the next AGM and shall, according to the Articles of Association, consist of no less than five and no more than nine members. The Articles of Association contain no special provisions regarding the election or dismissal of Board members.

The AGM 2018 discharged the Board members and the CEO from liability and re-elected the ordinary Board members Dharminder Chahal, An van Es Johansson and Vincent Ossipow and elected Leonard Kruimer, Bernd Seizinger and Kristoffer Bissessar as new Board members. Leonard Kruimer was elected Chairman of the Board. The Board of Directors consists of six directors elected by the General Meeting, as well as the employee representatives Vessela Alexieva and Elin Jaensson Gyllenbäck.

The Board of Directors is presented on page 26. All Board members elected by the General Meeting are independent in relation to the Company, senior executives and major shareholders.

The AGM 2018 resolved that the Board of Directors basic fees shall amount to SEK 682,500 to the Chairman of the Board and SEK 305,500 to each of the other Board members, who are not employed by the Company. In connection hereby it was resolved that the fees to Board members who elect to not participate in the Board share program resolved by the general meeting shall amount to SEK 460,000 to the Chairman of the Board and SEK 184,000 each to the other members of the Board. In addition hereto, the AGM resolved on fees for committee work of SEK 57,500 to the Chairman of the Audit Committee, SEK 46,000 to each of the other members of the Audit Committee and that no fee for work in the Remuneration Committee shall be paid. Fee for committee work shall not be paid to the Chairman of the Board.

The work of the Board of Directors is governed by rules of procedure which are revised and adopted by the Board of Directors at least once a year. The rules of procedure primarily consist of directions for the Board of Directors work, instructions for the division of duties between the Board of Directors and the CEO and instructions for the financial reporting.

In 2018 the Board of Directors held six ordinary meetings and eleven extraordinary meetings. The Board of Directors met with the Company's auditor on two occasions, including one occasion without the presence of the CEO or other persons from the senior management. Attorney Madeleine Rydberger, Mannheimer Swartling Advokatbyrå, has served as the secretary of the Board of Directors during the year. Regular items on the agenda at the meetings included monitoring of the operation in relation to the Company's budget and strategic plan. In addition, the Board of Directors has considered and resolved on issues pertaining to research and development, financing, intellectual property, strategic focus and planning, the budget, essential agreements, audit, financial reporting and compensation related issues.

Board member	Attendance
Björn O. Nilsson (Chairman) <sup>1)</sup>	9 (9)
Leonard Kruimer (Chairman) <sup>2)</sup>	7 (8)
Vessela Alexieva	17 (17)
Kristoffer Bissessar <sup>2)</sup>	8 (8)
Dharminder Chahal	13 (17)
Elin Jaensson Gyllenbäck	14 (17)
Lars Ingelmark <sup>1)</sup>	7 (9)
An van Es Johansson	14 (17)
Vincent Ossipow	15 (17)
Niklas Prager <sup>1)</sup>	9 (9)
Bernd Seizinger <sup>2)</sup>	7 (8)

1) Resigned on 24 April 2018 in conjunction with the AGM.

2) Elected on 24 April 2018 in conjunction with the AGM.

Once a year the Board of Directors evaluates its own work and the work of the CEO with a view to develop Board procedures and efficiency. The evaluation takes the form of a questionnaire that the members answer, after which the responses are compiled and presented to the Board of Directors and the Nomination Committee along with the results of the evaluations carried out in the two preceding years.

## Remuneration Committee

The Board of Directors has appointed a Remuneration Committee consisting of Leonard Kruimer (Chairman), An van Es-Johansson and Bernd Seizinger (for the period following the AGM in 2018; before then Björn O. Nilsson (Chairman), An van Es-Johansson and Vincent Ossipow). All members are independent in relation to the Company and the senior executives. The work is regulated in the instructions that comprise part of the rules of procedure for the Board of Directors and include to consider and to resolve on issues pertaining to remuneration and benefits to senior executives. The work includes preparation of other remuneration issues of greater importance, such as incentive programs. Added to this are assignments to monitor and evaluate ongoing and completed programs for variable remuneration to senior executives, monitor and evaluate implementation of the guidelines for remuneration to senior executives applicable for the year, as well as applicable remuneration structures and levels within the Company. The Remuneration Committee reports to the Board of Directors. The committee held three meetings in 2018.

Member of the Remuneration Committee	Attendance
Björn O. Nilsson (Chairman) <sup>1)</sup>	2 (2)
Leonard Kruimer (Chairman) <sup>2)</sup>	1 (1)
An van Es Johansson	3 (3)
Vincent Ossipow <sup>1)</sup>	2 (2)
Bernd Seizinger <sup>2)</sup>	1 (1)

1) Resigned on 24 April 2018 in conjunction with the AGM.

2) Elected on 24 April 2018 in conjunction with the AGM.

## Audit Committee

The Board of Directors has appointed an Audit Committee consisting of Kristoffer Bissessar (Chairman), Dharminder Chahal and Leonard Kruimer (for the period following the AGM in 2018; before then Lars Ingelmark (Chairman), Dharminder Chahal, Björn O. Nilsson and Niklas Prager). The Audit Committee's members have the requisite accounting expertise.

The Audit Committee, whose work is regulated in the instructions that serve as part of the rules of procedure for the Board of Directors, is tasked with preparing issues on behalf of the Board of Directors regarding procurement of audit services and remuneration, monitoring the auditors' work and the Company's internal control systems, monitoring the current risk scenario, monitoring external audits and the Company's financial information, adopting the interim reports for quarters 1 and 3, preparing the interim report for quarters 2 and 4, as well as the Company's Annual Report, monitoring issues pertaining to financing, and preparing the adoption and revision of financial policy and other issues that the Board of Directors entrusts to the Committee to prepare. The Audit Committee reports to the Board of Directors. The committee held four meetings in 2018.

Member of the Audit Committee	Attendance
Lars Ingelmark (Chairman) <sup>1)</sup>	3 (3)
Kristoffer Bissessar (Chairman) <sup>2)</sup>	1 (1)
Dharminder Chahal	4 (4)
Leonard Kruimer <sup>2)</sup>	1 (1)
Björn O. Nilsson <sup>1)</sup>	3 (3)
Niklas Prager <sup>1)</sup>	3 (3)

1) Resigned on 24 April 2018 in conjunction with the AGM.

2) Elected on 24 April 2018 in conjunction with the AGM.

### Auditors

According to the Articles of Association, BioInvent shall appoint a registered auditing Company for a term of two years. The auditor attends at least one Board meeting a year not attended by the CEO and other members of the Company's senior management. The AGM 2018 elected KPMG AB to serve as the Company's auditors for a two-year mandate. Eva Melzig, authorized public accountant, is principal auditor.

### Group Management

According to its guidelines and instructions, the Board of Directors has delegated the day-to-day business to the CEO. The CEO and under his leadership, other members of the management group, are responsible for collective business operations and day-to-day business. The CEO regularly reports to the Board of Directors on the Company's business operations, financial performance and other issues relevant to the Company. At one Board meeting a year the Board of Directors evaluates the work of the CEO. No member of the senior management is present at this meeting. The CEO and the senior management are presented on page 27.

### Remuneration to senior executives

The AGM 2018 adopted guidelines for remuneration to senior executives. According to the guidelines, salaries and other terms of employment for senior management are set at market rates. In addition to a fixed base salary senior executives can also receive a variable salary, which will be limited and based mainly on technical and commercial milestones within proprietary drug projects. In addition to such fixed and variable compensation, the Company may grant retention bonuses which for a three year period may amount to a maximum of 100 percent of the fixed salary for a year. Senior executives may also receive remuneration in the form of options or other share-related incentive programs, as decided by the Annual General Meeting of shareholders. The complete guidelines can be seen in the Board of Directors' Report on page 32.

### The Company's systems for internal control and risk management with respect to financial reporting for the 2018 financial year

According to the Swedish Companies Act and the Code the Board of Directors is responsible for internal control. This description has been prepared in accordance with the Annual Accounts Act, Chapter 6, Section 6, and describes the Company's systems and procedures for internal control in connection with financial reporting. Internal control and risk management regarding financial reporting is a process designed by the Board of Directors to provide the Board of Directors, senior management and others involved in the organisation a reasonable assurance regarding the reliability of external financial reporting and the extent to which the financial statements are formulated in compliance with generally accepted accounting principles, applicable laws and regulations as well as other requirements for listed companies.

### Control Environment

The foundation of the internal control process consists of the overall control environment, including among other things: the Company's ethical values, organisational structure and decision making procedures, as well as the allocation of powers and responsibilities. The most essential components of the control environment at BioInvent are documented in its policies and other governing documents. BioInvent's rules of procedure describe the allocation of responsibilities between the Board of Directors and the CEO, as well as among the Board's committees. Other policies and governing documents include the Company's ethical guidelines, treasury policy and authorisation instructions.

### Control activities

Appropriate control activities is a prerequisite to manage essential risks associated with the internal control process. To ensure the efficacy of the internal control procedures, BioInvent has both computerised controls in IT systems to handle authorization and approval authority, as well as manual controls such as inventories and reconciliation procedures. Detailed financial analyses of the Company's performance, as well as follow-up of plans and forecasts, supplement the controls and provide an overall confirmation of the quality of financial reporting.

### Information and communications

BioInvent's most essential policies and other governing documents are updated regularly and communicated to everyone involved through established information channels, in print and/or in electronic format.

### Follow-up

BioInvent follows up and assesses its compliance with internal policies and other governing documents on a regular and annual basis. Suitability and functionality are also evaluated on a regular and annual basis. Inadequacies are reported and remedied in accordance with specific established procedures.

### Internal audit

BioInvent has formulated governance and internal control systems with regular follow-up of compliance at various levels within the Company. The Board of Directors therefore does not consider a separate audit function to be necessary in the current situation. This is reconsidered annually by the Board of Directors.

Lund, 3 April 2019  
The Board of Directors