

# Corporate governance report

The aim of Biovica's corporate governance activities is to create value for shareholders via active risk management and a healthy company culture. Since its IPO in 2017, Biovica has prioritized ongoing efforts to ensure that it has well-functioning governance, control and monitoring. This corporate governance report has been prepared in accordance with Chapter 6, Section 6 of the Annual Accounts Act and the Swedish Corporate Governance Code (the Code).

## COMPLIANCE WITH THE SWEDISH CORPORATE GOVERNANCE CODE.

Biovica's shares are traded on Nasdaq First North Premier, which means that Biovica must apply the Swedish Corporate Governance Code (the Code). It is based on the principle of "comply or explain", which means that the company must apply the Code, or, explain any reasons for departure. During the 2018/2019 financial year, Biovica did not have any departures from the Code.

## ARTICLES OF INCORPORATION

Biovica's Articles of Incorporation, upon which the Company's operations are based,

state the Company's name, the Board's registered office, the objective of its business activities, details on the Company's share & share capital and items dealt with at the AGM. The Articles of Incorporation does not stipulate limits on how many votes each shareholder is entitled to exercise at AGMs, nor does it contain requirements on appointing or dismissing Board members or making changes to the Articles of Incorporation. The Articles of Incorporation are published at: <http://biovica.com/governance/bolagsordning/>.

## GOVERNANCE MODEL

Biovica International AB, CIN: 556774-6150, (Biovica) is a Swedish public limited liability company. Its shares are traded on Nasdaq First North Premier Stockholm. The company's head office is located on Uppsala, Sweden. The Corporate Governance Report is part of the company's Directors' Report. Corporate Governance at Biovica is split between external and internal governance tools and it is aligned with Swedish law, Nasdaq Stockholm's regulations for issuers, the Swedish Corporate Governance Code (the Code) and the company's own internal rules and regulations.

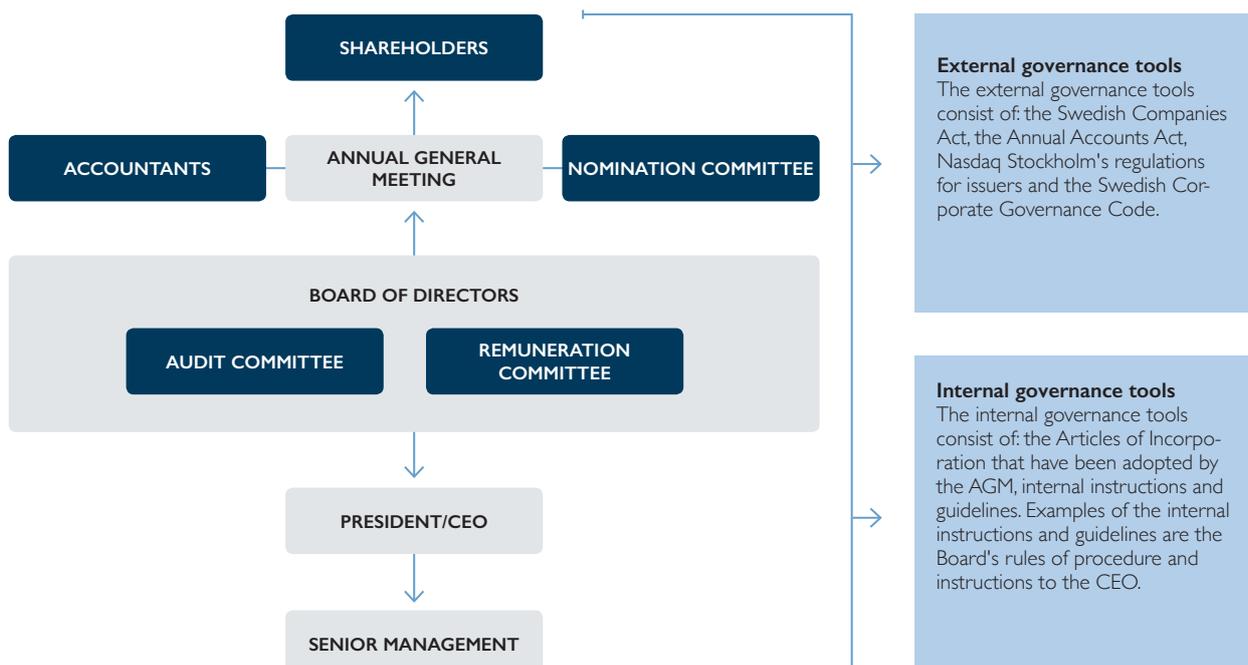
## EXTERNAL GOVERNANCE TOOLS

The external governance tools provide the framework for corporate governance at Biovica. The external governance tools consist of: the Swedish Companies Act, the Annual Accounts Act, Nasdaq Stockholm's regulations for issuers and the Swedish Corporate Governance Code. During the 2018/2019 financial year, Biovica did not have any departures from the Code.

## INTERNAL GOVERNANCE TOOLS

The internal governance tools consist of: the Articles of Incorporation that have been adopted by the AGM, internal instructions and guidelines. Examples of the internal instructions and guidelines are the Board's rules of procedure and instructions to the CEO. The Board has also adopted several policies, such as an information policy, which provide guidance on how internal efforts shall be governed and controlled. In addition to that, Biovica has a handbook for how financial reporting at the company shall be done.

## STRUCTURE FOR CORPORATE GOVERNANCE



## BIOVICA'S SHARE AND SHAREHOLDERS

As of 30 April 2019, Biovica's total number of shares amounted to 17,573,372 and its share capital amounted to SEK 1,171,558.13 allocated among 7,297,438 Class A shares (each worth 3 votes) and 10,275,934 Class B shares (each worth 1 vote). The quotient value of Biovica's shares is SEK 0.07 per share. The total number of votes amounted to 32,168,248. According to ownership information maintained by Euroclear Sweden AB, the ten largest owners of Biovica owned 57 percent of the votes and 47 percent of the shares in the company. Swedish owners had a 66 percent ownership share. Biovica's largest shareholder, Anders Rylander, CEO and member of Biovica's Board of Directors owns 22% (via company) of Biovica's shares, which corresponds to 34% of the votes in the Company. All other significant relationships between Biovica and the Company's largest shareholder, to the extent the Company is aware, are described in Notes 10 and 11. The Board of Directors does not have any knowledge of any other shareholder agreements on voting rights or other rights. Authority has been issued by the AGM to the Board to decide on issuance of new shares for a maximum of 10% of the current number of shares.

## ANNUAL GENERAL MEETING

The AGM is Biovica's highest decision-making body. The Annual General Meeting is held each year within six months of the end of the financial year. At the AGM, the balance sheet and income statement as well as the consolidated balance sheet and consolidated income statement are presented and decisions are made on, among other things, appropriation of the company's earnings, election of and remuneration to Board members and auditor, and other matters that are dealt with at the AGM in accordance with law. All shareholders registered in the shareholders' register who have announced their intent to participate by the date specified in notice of the AGM are entitled to participate in the meeting and exercise their voting rights. A shareholder who would like to have a particular matter dealt with at the AGM must, well in advance of the AGM, submit the request to the AGM, using the address published on the company's website. The Board of Directors may also, beyond the AGM, summon shareholders to extraordinary general meetings.

## Resolutions at the 2018 AGM include:

- that the funds available for appropriation of SEK 60,768,811 shall be carried forward
- that each Director shall be paid a fee of SEK 125,000 and that the Chairman of the Board shall be paid a fee of SEK 200,000
- to re-elect the following Board members: Göran Brorsson (Chairman), Maria Holmlund, Ulf Jungnelius, Anders Rylander and Jesper Söderqvist.
- to reelect Grant Thornton Sweden AB as the company's auditor, with Stéphanie Ljungberg as the auditor in charge
- guidelines on remuneration to senior executives
- the process for appointing a nomination committee along with the work instructions that it should follow
- on granting the Board of Directors the authority to issue new shares for a maximum amount equal to 10% of the current number of shares
- a warrant scheme for staff of 200,000 warrants

Through to the date of issuance of the annual report, two extraordinary general meetings were held:

## Resolutions at the extraordinary general meeting on 20 March 2019 include:

- that the Chairman of the Board would be paid a fee of SEK 200,000 through to the next AGM
- to elect Lars Holmqvist as the new Chairman of the Board.
- a warrant scheme for the Board of Directors of 175,000 warrants

## Resolutions at the extraordinary general meeting on 2 May 2019 include:

- a targeted new share issue of 6,000,000 Class B shares at SEK 10 per share

## ANNUAL GENERAL MEETING 2019

The AGM for the 2018/2019 financial year will be held on 29 August 2019 at 4 p.m. The location is Hubben, Dag Hammarskjölds väg 38 in Uppsala, Sweden. Registration will begin at 3:30 p.m.

Shareholders who are registered in the shareholders' register maintained by Euroclear Sweden AB by Friday 23 August 2019 and who have notified the company of their intent to participate by 4:00 p.m. on that same date, are entitled to participate in the AGM.

## Important dates associated with the AGM for the 2018/2019 financial year are:

- 23 August 2019 – reconciliation date for participation in the AGM
- 23 August 2019 – last day to notify the company of intent to participate in the AGM
- 29 August 2019 – 3:30 p.m. registration of attendance at the AGM begins
- 29 August 2019 – 4:00 p.m. start of the AGM

## Board proposals for resolutions at the 2019 AGM:

The Board of Directors proposes that no dividends shall be distributed to shareholders for the 2018/2019 financial year.

## NOMINATION COMMITTEE

The Nomination Committee is responsible for ensuring that each member of Biovica's Board of Directors has knowledge and experience that is relevant for being able to make a contribution that enhances Biovica's performance over time in the best possible way. The Nomination Committee monitors the Board's efforts based on the Board evaluation that is carried out once per year, what is stipulated in the Code, and having considered Biovica's needs and the views from other owners. The Nomination Committee then presents a proposal to the AGM on the number of Board members, the composition of the Board and fees to be paid to the Board of Directors. The Nomination Committee is also responsible for presenting a proposal on the person to serve as Chairman of the Board of Directors and Chairman of the AGM, along with the auditors and their remuneration. The Nomination Committee's proposals are published in the notice of the AGM. Motivation for its proposals is published on Biovica's website in conjunction with issuing the notice of the AGM.

In accordance with the Code, Biovica adopted an instruction for the Nomination Committee at the 2018 AGM. It stipulates that the Nomination Committee shall consist of three members. These members shall be appointed by the Company's two largest shareholders (in terms of number of votes) based on information in the shareholders' register maintained by Euroclear as of 31 December the year before the AGM. They shall be summoned by the Chairman of the Board and given the opportunity each to appoint one member to the Nomination Committee. Chairman of the Nomina-

tion Committee shall be appointed by the member who is the largest shareholder (in terms of the number of votes). The Chairman of the Board shall not serve as Chairman of the Nomination Committee. Members of the Nomination Committee that will be proposed at the 2019 AGM were presented on Biovica's website in February 2019. Members of the Nomination Committee may not receive any remuneration for their work on the committee.

**Members of the Nomination Committee that will be proposed at 2019 AGM are:**

- Gunnar Rylander, Chairman of the Nomination Committee (appointed by Anders Rylander)
- Leif Glantz (appointed by LYM Consulting AB)
- Lars Holmqvist, Chairman of the Board

**BOARD OF DIRECTORS**

Biovica's Board of Directors is the second highest decision-making body after the Annual General Meeting. The Board of Directors has overall responsibility for creating long-term value for shareholders and other stakeholders. Together with management, the Board is responsible for the company's overall strategy and it strives to ensure that the company manages its risks well and has good internal controls.

**Members of the Board of Directors**

Biovica's Articles of Association stipulate that the company must have at least three

board members and at most ten board members. Board members must contribute expertise and experience that is beneficial to Biovica's development. Biovica's Board of Directors currently consists of five ordinary members (one woman and four men). All of the members were reelected at the 2018 AGM to serve during the period of time through to the 2019 AGM. Both Anders Rylander, President and CEO of Biovica and the CFO, Cecilia Driving, attend every Board meeting. Cecilia Driving serves as secretary at each Board meeting. Other senior executives participate as needed to present on specific issues.

All Board members, except for Anders Rylander are independent in relation to the Company, its management and major shareholders. Biovica is thus in compliance with the requirements issued by Nasdaq Stockholm and with the Code as regards the independence of Board members.

Please see pages xx-xx of the annual report for a presentation of each of the Board members.

**The work done by the Board and Board evaluation**

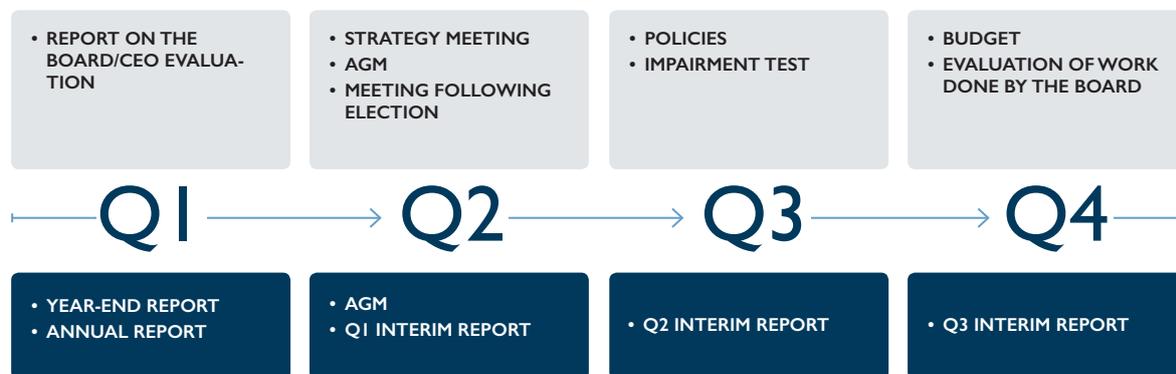
The Board's responsibilities and its tasks are regulated in the Swedish Companies Act, Biovica's Articles of Incorporation and in the Board's rules of procedure, which are revised each year and adopted at each Board meeting following election. The Rules of Procedure regulate such things as the Board's functions and allocation of work between Board members and the

CEO. The Board is responsible for continually monitoring the company's strategic direction, financial performance, its methods, processes and controls to ensure that operations function optimally.

The Board shall also participate in, and help ensure that the company's financial reporting and internal controls are of high quality. It is also responsible for evaluating the company based on the established financial targets and guidelines for senior executives. Other responsibilities of the Board are to continually evaluate performance of the CEO and participate in the annual audit carried out by Grant Thornton AB, with Stéphanie Ljungberg as the auditor-in-charge. The Chairman of the Board, who is elected at the AGM, has special responsibility for managing the work done by the Board and for ensuring that such work is well-organized and conducted in an efficient manner. Board meetings are planned by the Chairman and CEO, jointly. The Board convenes in accordance with a set schedule of meetings for the year.

Beyond that, the Board may hold additional meetings to deal with specific matters. Besides their interaction in conjunction with Board meetings, the Chairman of the Board and CEO maintain an ongoing dialog on management of the company. During the 2018/2019 financial year, the Board held 17 meetings (along with a strategy day with management). Seven of those were physical meetings, eight were per capsulam and two were phone conferences. At regular Board meetings, the Board deals

**BOARD TASKS AND EVENTS**



with ordinary reports from the CEO. The Board goes over the interim reports at its Board meetings in August, December, March and June.

The Chairman of the Board is responsible for ensuring that the Board members evaluate the work that they have done each year. Evaluation covers the Board's work process, compilation of the Board and its expertise. Evaluation is partly in form of a survey and partly by interviewing the Board members. The work done by the Board is presented to the Nomination Committee.

#### Remuneration to the Board of Directors

The fees paid and other remuneration to Board members is decided at the AGM. At the AGM on 30 August 2018, it was decided that each Director (who is not employed by the company) shall be paid a fee of SEK 125,000 and that the Chairman of the Board shall be paid a fee of SEK 200,000. Total remuneration for the Board and Committee work for the 2018/2019 financial year amounted to SEK 575,000.

#### AUDIT COMMITTEE

The entire Board of Directors serves as the company's Audit Committee. The primary responsibility of the Audit Committee is to ensure the quality of the company's financial reporting, which covers internal controls, a review of the important accounting and valuation policies and also a review of the Company's external reports. The Audit Committee evaluates the audit effort and assists the Nomination Committee in making proposals for selection of auditor and remuneration for the audit work. The Audit Committee also decides on which other services, beyond the audit, to procure from the Company's auditor.

#### REMUNERATION COMMITTEE

The entire Board of Directors serves as the company's Remuneration Committee. The Remuneration Committee's main responsibility is to propose the salary, other benefits and employment terms for the CEO. It is also responsible for proposing principles for remuneration and employment terms for other members of the executive management team. Furthermore, it makes proposals for incentive programs.

The Remuneration Committee shall ensure that there is compliance with the established guidelines for remuneration to senior executives.

#### ACCOUNTANTS

The auditor is responsible for auditing Biovica's annual report and financial statements, along with the administration of the company. Subsequent to the end of each financial year, the auditor submits an audit report and Group audit report to the AGM. The external audit of Biovica's financial statements and all of its subsidiaries that are subject to audit are carried out in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden. Biovica's auditor is elected at the AGM based on a proposal by the Nomination Committee. At the 2018 AGM, Grant Thornton was elected as the company's auditor, with Stéphanie Ljungberg as the auditor-in-charge. On behalf of the Board, the company's auditor also conducts a review of at least one interim report per year. The auditors meet with the entire Board each year, both with, and without, senior executives being present.

### BOARD MEMBERS AND THEIR INDEPENDENCE

Name	Role in the company	Year elected to Board	Attendance	Fee	Independence to the Board's management	Independence to major shareholders
Lars Holmqvist	Chairman of the Board	2019	3/3	200,000	Yes	Yes
Göran Brorsson	Chairman of the Board	2013	14/14	116,667	Yes	Yes
Mats Danielsson	Board member	2010	3/3	-	Yes	Yes
Maria Holmlund	Board member	2016	17/17	125,000	Yes	Yes
Ulf Jungnelius	Board member	2014	14/17	125,000	Yes	Yes
Jesper Söderqvist	Board member	2013	17/17	125,000	Yes	Yes
Anders Rylander	Board member and CEO	2010	17/17	-	No	No

\* Mats Danielsson declined reelection at the AGM on 30 August 2018.

\*\* At the extraordinary general meeting on 20 March 2019, Lars Holmqvist was elected as Chairman of the Board, replacing Göran Brorsson, who, wanting to decrease his workload, asked that he be replaced as Chairman of the Board for Biovica.



# Board of Directors



**LARS HOLMQVIST (1959)**  
*Chairman of the Board since 2019*

**Education/background:** Executive MBA from INSEAD France. Previously Senior Advisor for healthcare at Bain Capital. Senior management roles in pharmaceutical and medtech companies including: Agilent, Dako, Applied Biosystems Inc. and Medtronic Europe Sarl.

**Current assignments:** Board member at: Lundbeck Fonden A/S, H Lundbeck A/S, ALK-Abelló A/S, Tecan AG, BPL Plc-UK and Vitrolife AB.

**Holding in the company:** 410,630 Class B shares, 50,000 warrants (TO4)

**ULF JUNGNELIUS, MD (1951)**  
*Board member since 2014*

**Education/background:** Oncology Specialist with diploma from Karolinska Institute, along with clinical experience from Radiumhemmet in Stockholm. Dr. Jungnelius has extensive experience in international clinical research & development in the field of oncology. He has held executive positions at several international companies such as Eli Lilly, Pfizer, Takeda and Celgene.

**Current assignments:** Chairman of the Board at Isofol Medical AB. Board member at: Oncopeptides AB and Monocl AB.

**Holding in the company:** 25,000 warrants (TO4)

**JESPER SÖDERQVIST, PH.D (1966)**  
*Board member since 2013*

**Education/background:** M.Sc.Eng. from KTH Royal Institute of Technology. Ph.D. in Physics from KTH Royal Institute of Technology and CERN. Previously Vice President for Elekta AB's neuroscience division, General Manager for mammography at Philips Healthcare and CEO at Sectra Mamea.

**Current assignments:** Jesper Söderqvist is CEO of Arcoma AB. He is also a Board member and CEO of Dekatria AB.

**Holding in the company:** Directly and indirectly: 41,085 Class A shares and 38,200 Class B shares, 3,000 warrants (TO2), 25,000 warrants (TO4)

**ANDERS RYLANDER (1970)**  
*Board member since 2010 and CEO*

**Education/background:** M.Sc. in mechanical engineering with focus on industrial economics from KTH Royal Institute of Technology. Previously Senior Manager at Accenture, CTO for ICA AB and founder of Axholmen (consultancy firm).

**Current assignments:** Chairman of the Board at: Springcap Invest AB, Idrottsinfrastruktur i Danderyd AB, Konstgräs DaGy AB. Board member at: Arinvest AB, Citerus AB and Anders Rylander Investment AB.

**Holding in the company:** Indirectly: 3,575,640 Class A shares, 368,956 Class B shares

**MARIA HOLMLUND (1956)**  
*Board member since 2016*

**Education/background:** B.A. in chemistry and biology from Uppsala University and Gothenburg University. M.Sc. from University of North Carolina. Maria has 30 years of experience working in the field of life license and diagnostics. She has held senior positions in marketing at several major international diagnostic companies.

**Current assignments:** Board member and CEO at Prolight Diagnostics AB (publ). Board member at Idégaraget AB.

**Holding in the company:** 9,750 Class B shares, 25,000 warrants (TO4)

# Senior executives

Biovica's executive management team consists of the President/CEO and six additional senior executives. There are five men and two women on the executive management team.



## ANDERS RYLANDER (1970) CEO since 2010

See the information in the previous section on the Board of Directors.

## CECILIA DRIVING (1971) CFO since 2016

**Education/background:** Master of Laws and B.Sc. in business administration from Stockholm University. Cecilia has experience working in the fields of life science, IT, telecommunications and research as CFO and Corporate Counsel. She also has experience working with listed companies, in private equity and with both privately owned and state-owned companies.

**Current assignments:** Chairman of the Board at Adom AB.

**Holding in the company:** 10,000 Class B shares, 20,000 warrants (TO2), 20,000 warrants (TO3)

## WING CHENG, PH.D. (1974) Market Access and Quality Assurance Director since 2018

**Education/background:** Ph. D. in clinical immunology, M.Sc. in molecular biotechnology from Uppsala University. Wing has held leading positions in regulatory and reimbursement at government authorities, including TLV, Swedish Medical Products Agency, EMA and the European Commission. He most recently held the position of Manager Clinical Utility at Thermo Fisher Scientific.

**Current assignments:** -

**Holding in the company:** 3,700 Class B shares, 20,000 warrants (TO3)

## KARIN MATTSSON, PH.D. (1970) R&D Director since 2017

**Education/background:** Ph.D. in cell and tumor biology from Karolinska Institute. M.A. with focus on biology from Uppsala University. Degree from Sundsvall Vocational College with focus on clinical chemistry. Karin has more than 20 years of experience working with academic research and product development in the medical technology industry. She has held a variety of technology-related and leading positions at companies and she has extensive experience in the development and production of in vitro diagnostics. Her most recent employment was at Olerup SSP AB.

**Current assignments:** -

**Holding in the company:** 1,000 Class B shares, 20,000 warrants (TO2), 20,000 warrants (TO3)

## ADAM GERMUNDER (1984), Operations Director since 2017

**Education/background:** Adam has a B.Sc. in mechanical engineering from Uppsala University. He has extensive experience working with product management and process development. For example, he was involved in developing and implementing the new production methods in ISO 13485 Medical devices--Quality management systems. He previously worked as Head of Production at Fiom Diagnostics, where he was responsible for ongoing production. He also worked as Team Leader at Fresenius Kabi.

**Current assignments:** -

**Holding in the company:** 4,600 Class B shares, 20,000 warrants (TO3)

## MATTIAS BERGQVIST (1970) Clinical Development Director since 2011

**Education/background:** B.Sc. in Business & Marketing. Mattias has more than 20 years of experience in the pharmaceutical and biotech industry working with oncology. His previous experience includes working as Nordic Marketing Director for specialist care and oncology at AstraZeneca. He has published several scientific articles on DiviTum®.

**Current assignments:** Board member of Life Science Solution Consulting Scandinavia AB.

**Holding in the company:** Indirectly 106,560 Class A shares, 20,000 warrants (TO2)

## PONTUS NOBRÉUS (1964) Business Development Director since 2018

**Education/background:** M.Sc. in mechanical engineering from Lund University (LTH). MBA from Henley Business School. Pontus has more than 20 years of experience in various positions in industry, primarily diagnostics and in the laboratory sector. He has extensive international experience and has worked abroad in both USA and South Africa. For example, he was Regional Sales Manager at HemoCue and he most recently worked as Global Export Manager at Euro Diagnostica.

**Current assignments:** -

**Holding in the company:** 6,000 Class B shares, 20,000 warrants (TO3)

## REMUNERATION TO SENIOR EXECUTIVES

Details on the total remuneration and other remuneration that has been granted, directly or indirectly, by the Company to its senior executives is provided in Note 10. The Company has not granted any loans to its senior executives.

### The Board of Directors' proposal for guidelines for remuneration to senior executives

The Board of Directors proposes that remuneration to senior executives shall consist of fixed salary, variable remuneration (possibly), other ordinary benefits and pension. The total annual remuneration shall be market-based and competitive having considered the labor market and position that the individual holds. It should also take into account the individual's qualifications, experience, and any outstanding achievements. Fixed salary shall be reviewed annually. Senior executives include the President/CEO and other members of the executive management team.

Fixed salary and variable remuneration shall be related to the senior executives responsibilities and authority. Variable salary shall not exceed 40% of fixed salary. Conditions for variable remuneration should be designed so that the Board is able to limit or exclude it if the variable remuneration is deemed to be unreasonable or incompatible with the company's responsibilities towards its shareholders. For annual bonus, it should be possible to limit or exclude variable remuneration if the Board feels that it is motivated for other reasons.

Pension benefits shall be defined contributions. Notice of termination for the CEO and other senior executives shall be 12 months, at most. Fixed salary during the notice period and severance pay shall not, in aggregate, exceed an amount corresponding to the fixed salary for one year and shall also be deductible.

These principles shall be applied by all subsidiaries in the Group. The Board of Directors shall have the right to deviate from the above guidelines if it considers that, in a particular case, there are special reasons for doing so. Matters having to do with salary and other remuneration to the CEO and other senior executives are pre-

pared by the CEO and resolved in consultation with the Chairman of the Board.

### Internal audit

The Group has a simple legal and operational structure, along with a detailed governance and internal control system. Based on that, the Board has decided not to set up a special internal audit function.

### The Board's report on internal control over the financial statements

The Board's responsibility for internal control and governance is regulated in the Swedish Companies Act and the Annual Accounts Act. The Swedish Corporate Governance Code is also applied. Biovica strives to run the business as efficiently as possible. The financial reporting must be reliable and reflect the Company's operations in a correct manner and be prepared in accordance with applicable laws and regulations. The Board determines which reports must be prepared in order for it to monitor the Company's progress. The quality of financial reporting to the Board is evaluated primarily by the audit committee.

### Internal control and control environment

The Board's responsibility for internal control is regulated in the Swedish Companies Act and the Annual Accounts Act, which requires that information on the most important elements of the Company's systems for internal control and risk management in connection with the financial reporting is included in the corporate governance report. The Swedish Corporate Governance Code is also applied. The Board of Directors must, for example, make sure that the Company has good internal control and formalized procedures that ensure that established principles for financial reporting and internal control are complied with, and that there are appropriate systems for monitoring and controlling the Company's operations along with the risks associated with the Company and its operations. An important component of the control environment is clearly-defined decision paths, powers and responsibilities that must also be communicated between different levels in the organization. Furthermore, governing documents must exist

in the form of policies and guidelines covering all essential areas. Such documents must provide guidance to the senior executives of the Group.

One of the important tasks of the Board is to formulate and approve various fundamental policies, guidelines and frameworks. These include: the Board's rules of procedure, instructions to the CEO and policies on information, insiders, the treasury function and investments. The aim of such policies is to, among other things, create the foundation for good internal control. All policies are reviewed annually and adopted by the executive management team or the Board. Furthermore, the Board is responsible for ensuring that the organizational structure has clearly-defined roles, responsibilities and process which facilitate efficient management of the company's risks and fulfillment of its goals.

The overall purpose of internal control is, to the extent possible, ensure that the Company's operational strategies and goals are monitored and that the owners' investments are protected. Furthermore, internal controls must ensure that external financial reporting is, with reasonable assurance, reliable and that it has been prepared in accordance with generally accepted accounting principles, applicable laws and regulations and the requirements for listed companies.

### Financial reporting

The Board of Directors has overall responsibility for internal control over financial reporting. In order to both create and maintain a functioning control environment, the Board has adopted several policies and governance documents that regulate the financial reporting. These consist of, primarily, the Board's rules of procedure, instructions to the CEO and instructions for financial reporting. The Board has also adopted a specific attestation and approvals instruction along a treasury policy and investment policy. The Board has overall responsibility for ensuring that there are established principles for financial reporting, that the internal controls are being followed and that ongoing contact with the Company's auditor is maintained. Responsibility for maintaining an effective control environment and



the ongoing work with internal controls pertaining to financial reporting has been delegated to the Company's CEO. The CEO regularly reports to the Board in accordance with the adopted instruction to the CEO and the instructions for financial reporting. The Board also receives reports from the Company's auditor. Based on its assessment that the control environment is good and on external review by the auditors, the Board has concluded that there are no particular circumstances or other conditions that would motivate setting up an internal audit function.

#### **Risk assessment**

Risk assessment includes identifying the risks that could arise if the fundamental requirements on financial reporting for the Company are not met. The Company's executive management team has identified and evaluated the risks associated with Biovica's operations, along with how to manage such risks. The Board is responsible for continuously evaluating Biovica's risk situation, after which the Board carries out its own annual review of the same. Control activities limit the identified risks and ensure that financial reporting is accurate and reliable. The Board is responsible for internal control and follow-up of the company management. This occurs via both internal and external control activities and via review and monitoring of the Company's governance documents associated with risk management.

#### **Control activities**

Control activities limit the identified risks and ensure that financial reporting is accurate and reliable. The Board is responsible for internal control and follow-up of the company management. This occurs via both internal and external control activities and via review and monitoring of the Company's governance documents associated with risk management.

#### **Information and communication**

The company has information and communication paths aimed at promoting accuracy in its financial reporting. It also facilitates reporting and feedback from its operations to the Board and management. For example, governance documents in the

form of policies, guidelines and instructions for financial reporting have been issued and understood by all of the employees concerned. The Board has also adopted an information policy which regulates how the Company reports various types of information, such as financial information, in the form of interim reports, year-end reports, annual reports and press releases on significant events that could impact the share price.

Biovica's issuance of information complies with Nasdaq Stockholm's rules and regulations for issuers. The Board of Directors reviews the external financial reports before they are published. The information policy also stipulates how communication shall occur and the individuals with authority to represent the Company. Information that is made public via press releases is also published on the Company's website, along with other information deemed relevant and important.

#### **Follow-up**

Compliance with, and effectiveness of, internal controls are monitored on an ongoing basis. The CEO ensures that the Board regularly receives reports on the Company's progress and included in that is information on its earnings and financial position, along with significant events such as research results and important agreements that are being considered. The CEO reports on such matters at each Board meeting.