

ISOFOL 

## CORPORATE GOVERNANCE REPORT 2021

EXTRACT FROM THE ANNUAL REPORT 2021 PAGES 37-46

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A DRUG CANDIDATE  
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# CORPORATE GOVERNANCE REPORT

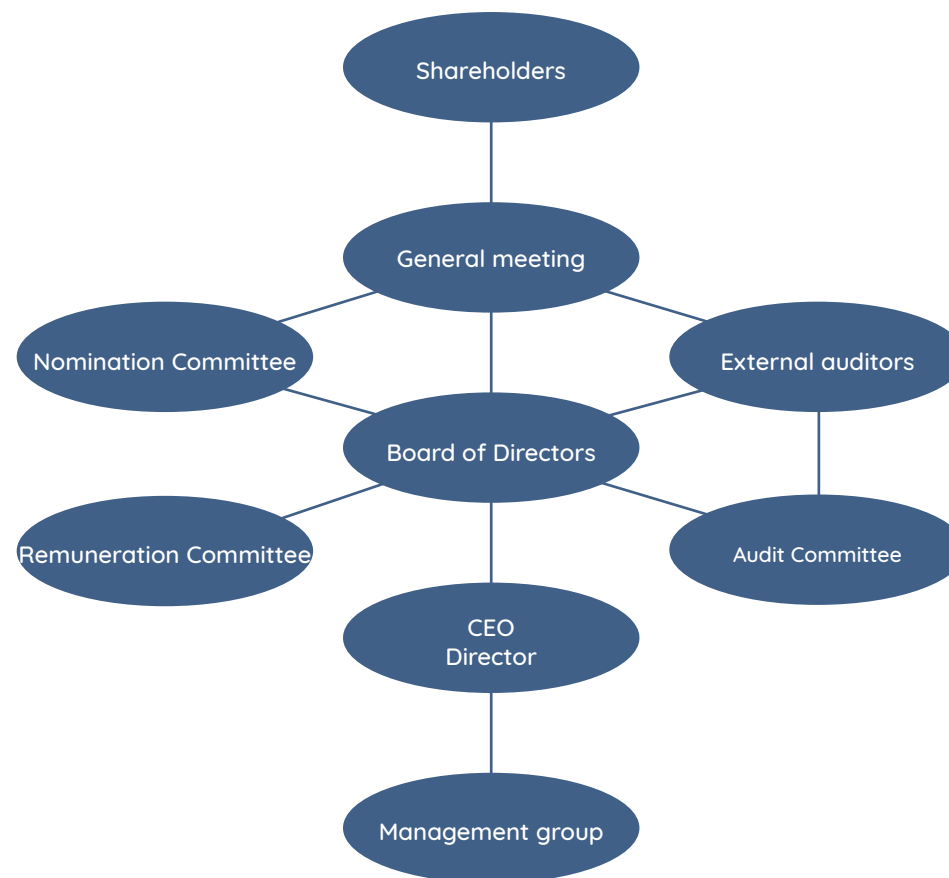
## ISO FOL MEDICAL AB (PUBL) 2021

### INTRODUCTION

Isofol Medical AB (publ) is a Swedish public limited company based in Gothenburg, Sweden, with its shares listed on Nasdaq Stockholm and traded under the ticker ISO FOL. The Board of Directors of Isofol Medical AB (publ), corporate identity number 556759-8064 (the “Company”), hereby submits its Corporate Governance Report for 2021, which has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (the “Code”; see the Swedish Corporate Governance Board’s website [www.bolagsstyrning.se](http://www.bolagsstyrning.se)), Nasdaq Stockholm’s Rule Book for Issuers, Isofol’s Articles of Association, and company-specific rules and guidelines. The report has been audited by the company’s auditors and the auditors’ opinion is included in the audit report on pages 74–77. In 2021, Isofol applied the Code without deviations.

### ISO FOL’S CORPORATE GOVERNANCE MODEL

The purpose of Isofol’s corporate governance is to create a clear division of roles and responsibilities between the shareholders, the Board and company management. The governance, management and auditing of Isofol is distributed between the general meeting, the Board and its elected committees, and the CEO. The diagram to the right illustrates Isofol’s corporate governance model and who appoints the company’s central bodies. The various bodies exercise their influence and control in relation to each other. The shareholders appoint the company’s Nomination Committee, Board of Directors and auditors at the Annual General Meeting.



**Significant external regulations and policies:**

- The Swedish Companies Act
- External auditing regulations
- International Financial Reporting Standards (IFRS)
- Nasdaq Stockholm's Rule Book for Issuers and information rules for issuers
- The Swedish Corporate Governance Code
- Other applicable laws and regulations

**Significant internal regulations and policies:**

- Articles of Association
- The Board's rules of procedure including instructions for the Board's committees
- CEO's instructions, including instructions on financial reporting
- Guidelines for the remuneration of senior executives
- Finance policy
- IT policy and information security policy
- Employee handbook
- Authorization instructions
- Risk management policy
- Finance handbook, including policy for related-party transactions
- Information and insider policy

**CORPORATE GOVERNANCE STRUCTURE**  
**Shareholders and the share**

Isofol is a CSD-registered company, which means that the company's share register is maintained by Euroclear Sweden AB. The share capital in Isofol Medical AB comprises one class of share that entitles the holder to equal voting rights and equal rights to a share of the company's assets. Isofol's shares were admitted to trading on Nasdaq Stockholm Mid Cap on October 21, 2021. As of December 31, 2021, the total number shares and votes in the company was 161,515,440 (83,365,966), distributed between approximately 10,100 (7,800) shareholders. For further information

on Isofol's ownership structure and major shareholders, refer to pages 29–30 of the Annual Report for 2021 and [isofolmedical.com](http://isofolmedical.com). There are currently no restrictions on the transferability of Isofol's shares due to legal restrictions or provisions in the Articles of Association. As far as Isofol Medical AB (publ) is aware, no agreements have been reached between any shareholders that could limit the transferability of the shares. As of December 31, 2021, no shareholder owned more than 10 percent of the company's shares.

There were no violations of Nasdaq Stockholm's regulations or of generally acceptable practices in the stock market in accordance with a decision by the stock exchange's Disciplinary Committee or the Swedish Securities Council during the financial year.

**General meeting**

In accordance with the Swedish Companies Act, the shareholders' influence over the company is exercised at the general meeting, which is the company's highest decision-making body. At the general meeting, the shareholders resolve on central issues, such as amendments to the Articles of Association, adoption of income statements and balance sheets, any dividends and appropriation of the company's earnings, election of Board members and auditors, remuneration to Board members and auditors, and discharge from liability of Board members and the CEO. The meeting also resolves on guidelines for remuneration to senior executives and on guidelines for salary and other remuneration to senior executives, any new share issues and how the Nomination Committee is to be appointed.

General meetings and extraordinary general meetings are convened by publishing the convening notice in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and

making the notice available on the company's website, [www.isofolmedical.com](http://www.isofolmedical.com). An announcement that notice has been served is to be published in Dagens Industri on the same date.

Shareholders who are registered in the share register maintained by Euroclear Sweden AB are entitled to participate in general meetings. To participate in a general meeting, shareholders must notify the company not later than on the day specified in the notice convening the meeting. This may not be a Sunday, public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, and may not fall less than five working days prior to the meeting. At a general meeting, shareholders may be accompanied by one or two assistants, although only if the shareholder has given notification of this to the company as specified above. The Annual General Meeting is to be held within six months from the end of the financial year. One share entitles the holder to one vote at general meetings. At the general meeting, each voting member may vote for the full number of shares held or represented without restriction on voting rights.

Shareholders who wish to submit proposals to Isofol's Nomination Committee may do so by e-mail at: [valberedningen@isofolmedical.com](mailto:valberedningen@isofolmedical.com) or by mail at: Isofol Medical AB, Attn: Nomination Committee, Arvid Wallgrens Backe 20, SE-413 46 Gothenburg, Sweden.

**2021 Annual General Meeting**

Isofol's 2021 Annual General Meeting was held on June 23 in Gothenburg. Among other resolutions, the following resolutions were passed at the Annual General Meeting:

- The number of Board members and auditors.
- Remuneration to the Chairman of the Board, the Board members elected by the Annual General Meeting and auditors.

- In accordance with the proposal in the notice of the meeting, that the Board members until the next Annual General Meeting would comprise:
  - o Pär-Ola Mannefred, Chairman (re-elected)
  - o Alain Herrera (re-elected)
  - o Paula Boulton (re-elected)
  - o Magnus Björnsne (re-elected)
  - o Robert Marchesani (re-elected)
  - o Anna Belfrage (re-elected)
  - o Aram Mangasarian (re-elected)
  - o Lennart Jeansson (re-elected)
- Re-election of KPMG AB as auditor, with Jan Malm as Auditor in Charge.
- Adoption of the income statement and balance sheet for the Parent Company and the Group.
- Appropriation of the company's earnings so that the available funds according to the adopted balance sheet are carried forward.
- Discharge of the Board members and CEO from liability for the 2020 financial year.
- Determination that no dividend is to be paid for 2020 in accordance with the Board's proposal.
- Adoption of instructions for the Nomination Committee in accordance with the Nomination Committee's proposal.
- The remuneration report for the financial year 2020 was approved in accordance with the Board's proposal.

The minutes from the 2021 Annual General Meeting, the instructions for the Nomination Committee's work and other information are available on the company's website, [www.isofolmedical.com](http://www.isofolmedical.com).

**2022 Annual General Meeting**

The 2022 Annual General Meeting of Isofol Medical AB (publ) will be held at 5:00 p.m. on May 19, 2022 at At Park Conference Center, Kungälvsvägen 36, Gothenburg. The company plans to conduct the 2022 Annual

General Meeting as a hybrid meeting, which means that shareholders may attend the meeting in person or choose to vote in advance (postal voting) with the support of temporary legislation.

The notice of the meeting was published on Isofol's website on April 12 and announced in the Swedish Official Gazette and on Isofol's website on April 14. An advertisement stating that the notice had been published was inserted in Dagens Industri on the same day as the announcement.

Information on the resolutions passed at the meeting will be published on the same day as the Annual General Meeting as soon as the results of the voting have been finalized. A speech by the CEO will be made available on the company's website ahead of the Annual General Meeting. The minutes from the Annual General Meeting will be available on [www.isofofmedical.com](http://www.isofofmedical.com).

### Nomination Committee

The work of the Nomination Committee is governed by the instructions resolved on by the Annual General Meeting. The Nomination Committee's duties are to prepare and draft proposals for the election of Board members, the chairman of the Board, the Chairman of the general meeting and auditors. The Nomination Committee is also responsible for recommending the fees payable to Board members and auditors. The members of the Nomination Committee are to be announced on the company's website no later than six months prior to the Annual General Meeting.

The Nomination Committee is to consist of at least four members, one of whom is to be the Chairman of the Board. The other three members are to be appointed by the company's three largest shareholders in terms of voting rights at the end of September on the basis of a share register provided by Euro-

clear Sweden and other reliable information. An additional member of the Nomination Committee may be appointed by a minority owner representing at least 10 percent of the votes based on the share register provided by Euroclear Sweden AB or other reliable information. The Nomination Committee is to prepare the following proposals to the Annual General Meeting:

- Chairman of the Annual General Meeting
- Election of Board members
- Election of auditors
- Fees to Board members and the Chairman of the Board
- Fees to auditors
- Members of the Nomination Committee and proposed instructions for the work of the Nomination Committee

When preparing its proposal to the Board, the Nomination Committee must consider the Board's evaluation of its work and take into account the requirements regarding the Board's composition as stipulated in the Swedish Companies Act, the Swedish Corporate Governance Code and Nasdaq Stockholm's Rule Book for Issuers. The Nomination Committee must also strive to ensure an even distribution of gender, age, ethnic origin and expertise with a focus on corporate governance and experience from clinical development and commercial activities. The Nomination Committee should also take into account the requirement that the Code imposes on the size and composition of the Board, meaning that the Nomination Committee must specifically justify its proposal regarding the election of Board members taking into account the Code's requirement concerning the diversity and breadth of the Board.

The Nomination Committee's proposal in accordance with the above and its reasoned statement are to be submitted to the company no later than one week before the notice

of the Annual General Meeting is announced. The Annual General Meeting on June 23, 2021 adopted instructions for the Nomination Committee.

The Nomination Committee for the 2022 Annual General Meeting was appointed in accordance with these principles and comprises Malin Björkmo (Chairman), Lars Lind, Ulrik Grönvall, and Mats Ola Palm (appointed by approximately 12 percent of the votes) as well as Chairman of the Board Pär-Ola Mannefred. Updated principles for the composition of the Nomination Committee and instructions to the Nomination Committee will be resolved on by the Annual General Meeting on May 19, 2022.

According to the Code, the Nomination Committee, in connection with the notice of the 2022 Annual General Meeting, is to publish a reasoned statement on the company's website concerning its proposal for the election of the Board, taking into account the Code's rules on the composition of the Board, and specifically justify the proposal taking into account the requirement that the company should seek to achieve an even gender distribution, and present a brief report on how the work of the Nomination Committee was carried out. The Nomination Committee is also to publish relevant information on the website about the individuals proposed for election and re-election, including their main experience and education, significant assignments within and outside the company, and their shareholding in the company as well as the shareholdings of any related parties.

### Auditors

An external auditor is elected by the Annual General Meeting for a period of one year at a time. The auditors audit the company's Annual Report and accounting records as well as the management by the Board and the

CEO in accordance with an auditing plan established together with the Board or the Audit Committee. In connection with the audit, the auditors must report their observations to Group management as well as the Board and the Audit Committee. At least once a year, the auditors must report their observations directly to the Board without the presence of executive management. The auditors also participate in the Annual General Meeting, at which they report on their audit and their recommendations in the audit report.

The auditor has audited the Annual Report and consolidated financial statements for the January 1, 2021–December 31, 2021 financial year and reviewed the interim report for the third quarter. The auditor has also stated that this Corporate Governance Report has been prepared, and that certain information herein is consistent with the Annual Report and the consolidated financial statements. The auditor's examination is reported primarily through the audit report, but also through specific opinions on the Corporate Governance Report, the reviewed interim report and in compliance with the guidelines for remuneration to senior executives. These are presented at the Annual General Meeting. The auditors also submit reports on audits conducted to the Audit Committee and to the Board in its entirety. The fees invoiced by the auditor for the past two financial years are presented in Note 5 on page 61.

## BOARD OF DIRECTORS

### Overall task of the Board

The overall task of the Board is to manage the affairs of the company on behalf of the shareholders and to be responsible for the company's organization. The Board's work is led by the Chairman of the Board. The Board is to hold a statutory meeting annually after the Annual General Meeting.

In addition, the Board is to meet regularly as well as when special circumstances arise. At the statutory Board meeting, the company's authorized signatories are to be decided and the Board's rules of procedure, the instructions for the CEO and the instructions for financial reporting are to be reviewed and established. At the company's Board meetings, the company's financial situation, business development and other current issues are to be discussed. The Board exercises supervision over the CEO, regarding the execution of the Board's decisions and other matters. The Board prepares annual proposals for the guidelines for remuneration to senior executives, which are adopted by the Annual General Meeting, monitors compliance with these guidelines and, where appropriate, submits proposals for incentive programs.

The company's auditor attends and reports to Board meetings when required. There is a quorum if more than half the Board members are present. Isofol's Board of Directors currently comprises eight members.

### BOARD OF DIRECTORS



Name	<b>Pär-Ola Mannefred</b> Chairman of the Board Born 1961	<b>Magnus Björnsne</b> Board member Born 1964	<b>Paula Boulton</b> Board member Born 1958
Elected to the Board	2019	2018	2018
Education	MBA	PhD, MBA	RN
Background	Entrepreneur and operates own investment business. Co-Owner of Residenset Partners AB.	Chairman of Termino C 2915 AB. Board member of Beactica Therapeutics AB and Termino C 2915 AB. Various executive positions, including responsibility for business development at AstraZeneca AB.	Paula's expertise spans global commercialization planning, pre-launch preparations, major drug launch initiatives and patient advocacy. She has been involved in introducing and supporting brands such as Imbruvica (ibrutinib), Glivec / Gleevec (imatinib), Aranesp (darbopoetin), Camptosar (irinotecan) and Vectibix (panitumumab). Paula has also held executive positions with and advised large companies such as Pharmacia (Pfizer), Novartis, Amgen, Proteolix (Onyx), Dendreon, Incyte and Pharmacy-clics. Paula most recently worked at Oncocept AB as Chief Commercial Officer.
Current employment and other appointments	Board assignments with Residenset Partners AB (and subsidiaries), Aktiebolaget Äpplet (own holding company), Johanneberg Science Park AB and BRF Geijersgatan.	Board member of SwedenBIO Service AB. Deputy Board member of Anivator AB. CEO of AstraZeneca BioVentureHub AB.	Board chair at the Max Foundation.
Shareholding*	194,448	0	0
Independent in relation to the company and its management	Yes	Yes	Yes
Independent in relation to the company's major shareholders	Yes	Yes	Yes

\* Own or related natural or legal person's shareholding in the company as of December 31, 2021



## BOARD OF DIRECTORS



Name	<b>Alain Herrera</b> Board member Born 1950	<b>Robert Marchesani</b> Board member Born 1962	<b>Anna Belfrage</b> Board member Born 1962	<b>Aram Mangasarian</b> Board member Born 1969	<b>Lennart Jeansson</b> Board member Born 1941
Elected to the Board	2018	2019	2019	2020	2021
Education	MD, PhD	MBA	MBA	PhD, MBA	MBA
Background	Alain has been directly involved in a number of registration processes, including for the drug oxaliplatin. Prior to working as an expert adviser in oncology, Dr. Herrera was Vice President of the Department of Global Oncology Business Strategy and Development at Sanofi, where he previously held the role of Head of the Global Oncology Franchise. Dr. Herrera was also Chairman of Chiron Therapeutics Europe and CEO of Pierre Fabre Oncology Laboratories.	Robert worked for more than 25 years at Eli Lilly & Company, where he led global brand strategy and marketing, and launched a number of cancer treatments, including ALIMTA® (pemetrexed), Gemzar® (gemcitabine) and Verzenio™ (abemaciclib).	Until May 2019, Anna was Chief Financial Officer (CFO) of Södra Skogsägarna with responsibility for purchasing and IT. Prior to that, she served as acting CEO of Beijer Electronics and CFO of ABS Group in the Cardo Group and held various roles in industrial companies such as Dresser Wayne Fueling Systems, Obducat, Lund Eastern Energy and Åkerlund & Rausing and Price Waterhouse.	Aram has over 20 years of experience in the biotechnology industry. He has held senior positions in biotechnology companies such as C10 Pharma in Norway, Novexel in France and Exonhit Therapeutics in France and has worked on raising capital in public companies and negotiating licensing and sales agreements with leading pharmaceutical companies such as Roche, Merck & Co and AstraZeneca. Aram holds a PhD in biology from UC San Diego in the US and an MBA from INSEAD in France.	Lennart has negotiation experience from several of Swedish industry's largest corporate deals, including Volvo's sale of Volvo Cars, the acquisition of Renault and Mack Trucks, and Stena Sessan's sale of the shares in the pharmaceutical company Meda. Former Deputy CEO of the Volvo Group, CEO of Volvo Cars, and Chairman of Skandia, 6 AP Fonden and Stena AB. Lennart has also been a Board member of Atlas Copco and Bilia.
Current employment and other appointments	Board member of IDDI, Nanobiotix and PDC Line Pharma. Various management positions at Alain Oncologie Consulting, AD Bio Consulting and Pharma Engine Europe.	Robert Marchesani is president of Proventus Consulting LLC and an adjunct faculty member and executive mentor at Butler University, Lacy School of Business in Indianapolis, Indiana.	Board member of Note AB, Mycronic AB, Ellevio AB, CINT AB and Elopak AS.	CEO and Board member of Noxxon Pharma, Berlin.	Board member of Stena Sessan AB and Clean Motion AB.
Shareholding*	0	5,000	5,250	0	953,750
Independent in relation to the company and its management	Yes	Yes	Yes	Yes	Yes
Independent in relation to the company's major shareholders	Yes	Yes	Yes	Yes	Yes

\* Own or related natural or legal person's shareholding in the company as of December 31, 2021

### Composition and independence

According to Isofol's Articles of Association, the Board of Directors is to consist of no fewer than three (3) and no more than nine (9) members elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. At the Annual General Meeting on June 23, 2021, eight (8) ordinary members were elected: Pär-Ola Mannefred (Chairman of the Board), Alain Herrera, Paula Boultonbee, Bob Marchesani, Anna Belfrage, Magnus Björnsne, Aram Mangasarian and Lennart Jeansson, all of whom were appointed until the end of the next Annual General Meeting. All Board members are deemed to be independent in relation to the company and its management and to the company's major shareholders.

Information on the Board members including age, year of election to the Board, education, current assignments and shareholdings in the company is presented on pages 40–41.

### Responsibilities and work of the Board

After the general meeting, the Board of Directors is the company's highest decision-making body and, according to the Swedish Companies Act, is responsible for the company's management and organization. The Board's responsibilities and tasks are governed by the Swedish Companies Act, the Articles of Association and the Swedish Corporate Governance Code. The work of the Board is also governed by the written rules of procedure established annually by the Board. These rules of procedure govern the work of the Board as well as the division of work and responsibility among the Board, the committees, the Chairman of the Board and the CEO. The rules of procedure also address the number of ordinary meetings to be held and the matters to be addressed at these meet-

ings, the form of notices, meeting and resolution processes, documentation for Board meetings, the tasks of the Chairman of the Board, minutes, disqualification and conflicts of interest, mandatory matters that the CEO is to delegate to the Board, financial reports and company signatories. The Board has also adopted instructions for the CEO and other specific policies such as a finance policy, authorization instructions and an information and insider policy. In addition to the Board meetings, the Chairman of the Board and the CEO continuously discuss matters of material importance to the company.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs, the company's overall business plan, material organizational changes, changes in the focus of the company's operations, and the income statement and balance sheet. The Board of Directors also makes decisions on investments, acquisitions and divestments of significant assets, shares or businesses, loans and credits, pledging of guarantees, and the signing of or amendments to material agreements or agreements between the company and shareholders. The Board also addresses matters that have been delegated to the Board by the CEO. The Board has overall responsibility for ensuring that the company's organization is structured so as to ensure satisfactory control of its accounting, management of funds and other financial affairs and is responsible for the ongoing evaluation of the work of the CEO. The Board is also responsible for ensuring the quality of the company's financial reporting, including systems for monitoring and internal control of the company's financial reporting and position. In addition, the Board is responsible for ensuring that the company's external disclosure of information is charac-

terized by openness and is correct, relevant and clear. The Board is also responsible for preparing necessary guidelines and other policy documents.

The Chairman of the Board leads and organizes the work of the Board and is specifically responsible for ensuring that the Board's work is well organized and conducted efficiently. The Chairman of the Board, in consultation with the company's CEO, is responsible for ensuring that an agenda for every meeting and any necessary decision documentation are provided to the Board members in ample time prior to each Board meeting. The Chairman of the Board is also responsible for ensuring that each Board member regularly updates and improves their knowledge of the company and that new Board members receive the necessary introductory training and other training that the Chairman and the new member find suitable. The Chairman is also responsible for maintaining contact with the shareholders with respect to ownership issues, for conveying the views of the shareholders to the Board and ensuring that the work of the Board is evaluated annually through a systematic and structured process with the aim of developing the Board's work formats and methods. The results of the evaluation are reported to the company's Nomination Committee.

At each ordinary Board meeting, a review of the business is conducted, including advances and progress in research and development, clinical studies, business development, the Group's results and position, financial reporting and forecasts.

### Work of the Board and significant events in 2021

In 2021, the Board held nineteen (19) meetings, of which one (1) was the statutory Board

meeting and six (6) were held per capsulam. The work of the Board during the year mainly revolved discussing and making strategic decisions on matters regarding the company's completion of the pivotal study for the drug candidate arfolitoxin, strategic planning of pre-commercialization activities, the company's financing and organizational development.

The Board was also involved in the budget and annual financial statements and related decisions. The attendance of the Board members at the Board meetings held during the 2021 financial year is presented in the table on the next page. The figures in parentheses indicate the maximum number of meetings each member could have attended. During the year, no member expressed reservations about any decision. Open questions are followed up on an ongoing basis. The reporting period refers to January 1– December 31, 2021.

### Evaluation of the Board's work

According to the Code, the Board is to evaluate its work annually through a systematic and structured process with the aim of developing its work formats and efficiency. The Board's work in 2021 was evaluated during the first quarter of 2022.

The evaluation was carried out through all Board members answering a questionnaire about the Board's activities. The results of the evaluation are compiled in a report that is submitted to the Board and the members of the Nomination Committee.

### Board committees

The Board has established two committees from within its ranks – the Audit Committee and the Remuneration Committee – both of which operate under the instructions established by the Board.

Board member	Elected	Attendance at Board meetings	Attendance at Remuneration Committee meetings	Attendance at Audit Committee meetings	Independent in relation to the company and its management	Independent in relation to the company's major shareholders
Pär-Ola Mannefred	2019	19 (19)	4 (4)	7 (7)	Yes	Yes
Magnus Björsne	2018	17 (19)			Yes	Yes
Paula Boulton	2018	19 (19)			Yes	Yes
Alain Herrera	2018	18 (19)			Yes	Yes
Robert Marchesani	2019	19 (19)	4 (4)		Yes	Yes
Anna Belfrage	2019	19 (19)	1 (1)	7 (7)	Yes	Yes
Aram Mangasarian	2020	19 (19)			Yes	Yes
Lennart Jeansson	2021	8 (8)	3 (3)		Yes	Yes

As of the date of the Annual Report, the Board has held a total of four (4) meetings in 2022.

#### Remuneration Committee

The main tasks of the Remuneration Committee are to prepare the Board's decisions on matters relating to remuneration principles, remuneration and other terms of employment for the CEO and other senior executives, and to monitor and evaluate variable remuneration programs for executive management that are ongoing or were completed during the year. The Remuneration Committee is also responsible for monitoring and evaluating the application of the guidelines for remuneration to senior executives adopted by the Annual General Meeting as well as the current remuneration structures and levels in the company. The Remuneration Committee comprises Per-Ola Mannefred (Chairman), Lennart Jeansson and Robert Marchesani. The Remuneration Committee is deemed to meet the Code's requirements for independence and the requisite knowledge and experience in matters relating to remuneration to senior executives. The Remuneration Com-

mittee met four (4) times during the year. At these meetings, the committee discussed the existing remuneration system of the company, the proposed guidelines for the remuneration to the CEO and senior executives, and ongoing incentive programs. For information on salaries and remuneration to the CEO and senior executives, see Note 4 on pages 59–61 of Isofol's 2021 Annual Report.

#### Audit Committee

The main tasks of the Audit Committee are to assist Isofol's Board in matters relating to financial reporting, auditing and risk management, to monitor the effectiveness of internal control, to inform itself about the audit of the Annual Report and consolidated financial statements, and to review and monitor the impartiality and independence of the auditor. The Audit Committee is also to assist the Nomination Committee in making proposals to the Annual General Meeting for the election of auditors. The committee maintains reg-

ular contact with Isofol's auditors. The Audit Committee comprises Anna Belfrage (Chairman) and Pär-Ola Mannefred. The committee meets the independence, accounting and auditing competence requirements of the Swedish Companies Act. The committee met seven (7) times during the year. Isofol's auditors attended three (3) of the meetings at which the auditor's planning of the audit, observations and examination of the Board's and management's management of the company and the company's financial statements were discussed.



## EXECUTIVE MANAGEMENT

### CEO and company management

The CEO is responsible for the company's day-to-day management and the development of Isofol in accordance with applicable legislation and rules, including Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code and the guidelines, instructions and strategies established by the Board. The CEO is to ensure that the Board receives the objective and relevant information required for the Board to be able to make well-founded decisions. The CEO also monitors compliance with Isofol's goals, policies and strategic plans established by the Board and is responsible for informing the Board about Isofol's development between Board meetings. The CEO is to take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of funds in a satisfactory manner. The CEO is therefore responsible for ensuring that the company has sound internal control and procedures to ensure that the established principles for financial reporting and internal control are applied. The instructions to the CEO also apply to the Vice CEO when acting on behalf of the CEO.

The CEO leads the work of the management group, which is responsible for the overall development of the company's activities and business. In addition to the CEO, the management group during the year comprised:

- Chief Medical Officer (CMO) & Senior Vice President of Clinical Development (SVP)
- Chief Commercial Officer (CCO)
- Chief Financial Officer (CFO) & Vice Chief Executive Officer (vCEO)

Company management comprises four (4) individuals.

For more information on the senior executives in Isofol, when they assumed their positions and their year of birth, education, shareholding in the company and current assignments, refer to page 45.

### Remuneration to Board members

The 2021 Annual General Meeting resolved that, for the period up to the next Annual General Meeting, the following fees would be paid to the Board for its work in 2021: a fee of SEK 550,000 is to be paid to the Chairman of the Board and SEK 250,000 to each of the other Board members; a fee of SEK 75,000 is to be paid to the Chairman of the Audit Committee and SEK 40,000 to each of the other members. A fee of SEK 50,000 is to be paid to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other mem-

bers. Board members domiciled in Europe, but outside the Nordic region, are to receive remuneration of SEK 7,500 per physical Board meeting and Board members domiciled in North America are to receive remuneration of SEK 15,000 per physical Board meeting. Remuneration in addition to the aforementioned fees comprises consultancy fees to Board members.

No pension premiums or similar benefits have been paid to Board members. None of the Board members are entitled to benefits after termination of their service.

### Remuneration to executive management

Remuneration matters pertaining to senior executives are addressed by the Board's Remuneration Committee. The Board decides on the CEO's remuneration based on a proposal by the Remuneration Committee. Remuneration and employment terms for senior executives are to be based on market terms and are to comprise a weighted combination of fixed salary, variable remuneration, pension benefits, other benefits, and terms and conditions of termination.

Remuneration and employment terms for senior executives are to be based on market terms and are to comprise a weighted combination of fixed base salary, variable remuneration, pension benefits, share-based incentive programs, other benefits, and terms and conditions of termination. Guidelines for remuneration to senior executives were approved by the 2020 Annual General Meeting. The Board has the right to deviate from the guidelines if, in individual cases, there are special reasons to warrant doing so. If deviations from the guidelines occur, the reason for the deviation is to be presented at the next Annual General Meeting. During the year, the guidelines were followed without deviations.

The CEO and other senior executives were paid salary and other remuneration for the 2021 financial year in accordance with the table below. All amounts are presented in SEK.

For a more detailed description of the employment terms and remuneration for the Board and senior executives, refer to the Directors' Report and Notes 4 and 20 of the 2021 Annual Report and to the 2021 Remuneration Report.

## MANAGEMENT



Name	<b>Ulf Jungnelius,</b> Chief Executive Officer (CEO) Born 1951	<b>Jenny Sundqvist</b> Chief Commercial Officer (CCO) Born 1971	<b>Roger Tell,</b> Chief Scientific Office (CSO) Chief Medical Officer (CMO) Senior Vice President of Clinical Development, SVP Born 1965	<b>Gustaf Albèrt,</b> Chief Financial Officer (CFO) Vice Chief Executive Officer (vCEO) Born 1968
Employed by the company	2019	2021	2019	2017
Education	MD, Karolinska Institutet.	Bachelor of Science in International Trade & Finance from Louisiana State University and MBA from McCombs School of Business.	MD, specialist physician in oncology, Karolinska University Hospital and PhD in experimental oncology, Karolinska Institutet.	Master of Science in International Accounting and Auditing, School of Business, Economics and Law at the University of Gothenburg.
Background	Ulf has been CEO of Isofol since November 2019 and prior to that was a Board member of Isofol from 2010 to 2019, serving as the company's clinical and regulatory expert. He has held senior positions at US companies such as Celgene, Takeda, Pfizer and Eli Lilly.	Jenny most recently worked at AstraZeneca where she was responsible for the oncology portfolio. Jenny has an impressive commercial career in consumer goods and medical devices and over 16 years in the pharmaceutical industry.	Vice President of Clinical Development at Aprea Therapeutics AB and International Clinical Project Director at Servier in Suresnes, France. Extensive experience as an oncologist and adviser to a number of biopharma companies, including Eli Lilly, AstraZeneca and Merck Serono.	Broad financial and operational experience. Most recently served as CEO of Elanders Sverige AB and prior to that as CFO of the same company. Previously worked as an accountant for 17 years, 11 of which as an Authorized Public Accountant at Deloitte and Arthur Andersen.
Holding	408,338 shares*, 250,000 warrants	0 shares*, 49,134 warrants	5,000 shares*, 176,300 warrants	35,359 shares*, 176,300 warrants

Reporting period refers to January 1–December 31, 2021	Base salary	Benefits	Bonus	Pension costs	Total
Ulf Jungnelius, CEO	3,537,738	144,210	1,509,549	711,748	5,903,245
Gustaf Albèrt, Vice CEO	2,017,620	84,181	675,296	482,432	3,259,529
Other senior executives (2)	3,800,851	125,649	659,204	890,669	5,476,373
<b>Total</b>	<b>9,356,208</b>	<b>354,040</b>	<b>2,844,049</b>	<b>2,084,849</b>	<b>14,639,146</b>

\* Own or related natural or legal person's holding of shares and other financial instruments in the company. Largest shareholders at December 31, 2021

\*\* Isofol Medical AB (publ) Warrant Program 2018 series 2018/2022 and series 2018/2023.

\*\*\* Isofol Medical AB (publ) Warrant Program 2020.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board's responsibility for internal control is governed by the Swedish Companies Act and the Swedish Annual Accounts Act, which contain requirements that information about the most important aspects of Isofol's systems for internal control and risk management is to be included in the Corporate Governance Report in connection with the company's annual financial reporting. The Board's responsibility for internal control is also governed by the Code. The Board is to ensure, among other things, that Isofol has sound internal control and formalized procedures that ensure compliance with established principles for financial reporting and internal control and that there are appropriate systems in place for monitoring and control of the company's activities and the risks associated with its operations. The internal control procedures for financial reporting have been designed to ensure reliable overall financial reporting and external reporting in accordance with IFRS, applicable laws and regulations, and other requirements to be applied by companies listed on Nasdaq Stockholm. This work involves the Board, Group management and other employees. The internal control environment mainly comprises the following components: control environment, risk assessment, control activities, information and communication, and monitoring.

### Control environment

The control environment within Isofol is the framework for the focus and culture communicated within the organization by the company's Board of Directors and management. The Board is ultimately responsible for the internal control of the financial reporting. The Board's instructions to the CEO and established reporting instructions stipulate how the financial reporting to the Board is to be designed. The Board has also delegated

to the CEO responsibility for maintaining an effective control environment, although the Board is ultimately responsible. Systems and procedures have been established to provide management with necessary reports to be able to assess risks and meet the requirements for correct financial reporting. Isofol's internal rules of procedure, instructions, policies, guidelines and manuals guide the employees and provide a clear division of roles and responsibilities to ensure effective management of the risks affecting the business. The CEO reports regularly to the Board.

Based on this effective control environment, the Board has determined that there are no special circumstances or other conditions that would warrant the introduction of an internal audit function.

### Risk assessment

Isofol's Board of Directors works continuously and systematically on risk assessments in order to identify risks and to take appropriate measures. The company conducts an annual and continuous risk review in which risks are identified from a business perspective. Isofol's most important risks are followed up by the management group during the year. Each identified risk is documented with a proposed action plan to reduce the risk as much as possible. The risk assessment is also designed to identify risks that could have a material impact on the internal control of the financial reporting.

### Control activities

The primary purpose of the control activities is to prevent, detect and correct errors in the financial reporting. Activities and procedures are designed to manage and address significant risks related to financial reporting. The control activities include analytical follow-up

and comparison of earnings performance or earnings items, authorization instructions, monthly account reconciliations, and accounting and valuation principles. Access to IT systems is limited according to authorization, authority, responsibility and role. The control structure focuses on clear roles in the organization and a division of responsibility. Continuous analysis of the financial reporting is very important for ensuring that the financial reporting is free from material misstatement.

### Information and communication

Isofol's information and communication channels are designed to facilitate complete and accurate financial reporting. Policies, guidelines and internal instructions concerning financial reporting are available in electronic and printed format. The employees concerned are provided with regular updates regarding changes to accounting principles, reporting requirements or other information disclosures.

The company's external information is intended to keep the market up to date on the company's operational development and ensure that Isofol meets the requirements for correct information disclosure to the market. This is also governed by the company's established information policy.

### Monitoring, evaluation and reporting

The Board continuously evaluates the information provided by Group management. The Board receives regular financial updates on Isofol's performance between Board meetings. The Group's financial position, strategies and investments are discussed at each Board meeting. The effectiveness of internal control is monitored on an ongoing basis by the Board, including ensuring that action is taken to address any deficiencies as well as follow-

ing up on proposed actions identified in the context of the external audit. The company conducts an annual self-assessment of its risk management and internal control of financial reporting. The process includes a review of how established procedures and guidelines are applied.

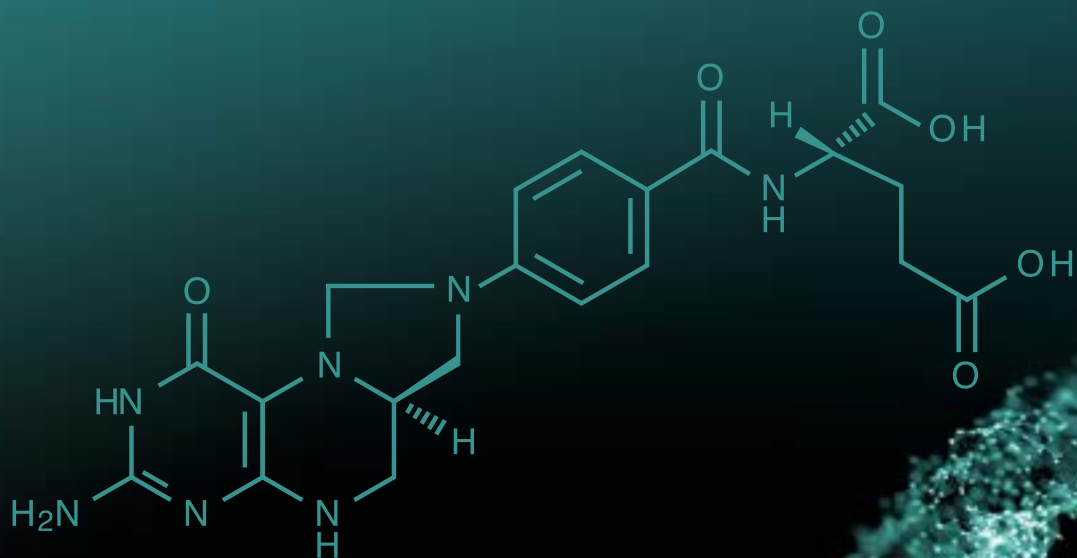
The external auditors, the company's finance function and the Audit Committee maintain regular contact throughout the financial year in order to identify any risks at an early stage and address any issues that could impact the financial reporting. The auditors also report regularly to the Board, mainly through meetings with the Audit Committee.

### Internal audit

To date, Isofol has not found a reason to establish a specific internal audit function in the financial area. The reason is that the Group is relatively small in size and the ongoing work on internal control of financial reporting has resulted in a high level of awareness of internal control in the Group and the implementation of a number of control activities. Taking this into account, the Board has chosen not to establish a specific internal audit function. The Board evaluates the need for such a function on an annual basis.

### External audit

The company's auditor is appointed by the Annual General Meeting for the period up to the end of the next Annual General Meeting. The auditor audits the Annual Report and accounting records as well as the administration of the Board and the CEO. After each financial year, the auditor must submit an audit report to the general meeting. Each year, the company's auditor reports its observations from the audit and its assessment of the company's internal control to the Board.



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A DRUG CANDIDATE  
FOR TREATMENT  
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ISOFOL MEDICAL AB (publ) | Biotech Center | Arvid Wallgrens Backe 20 | SE-413 46 Gothenburg, Sweden | [www.isofolmedical.com](http://www.isofolmedical.com)