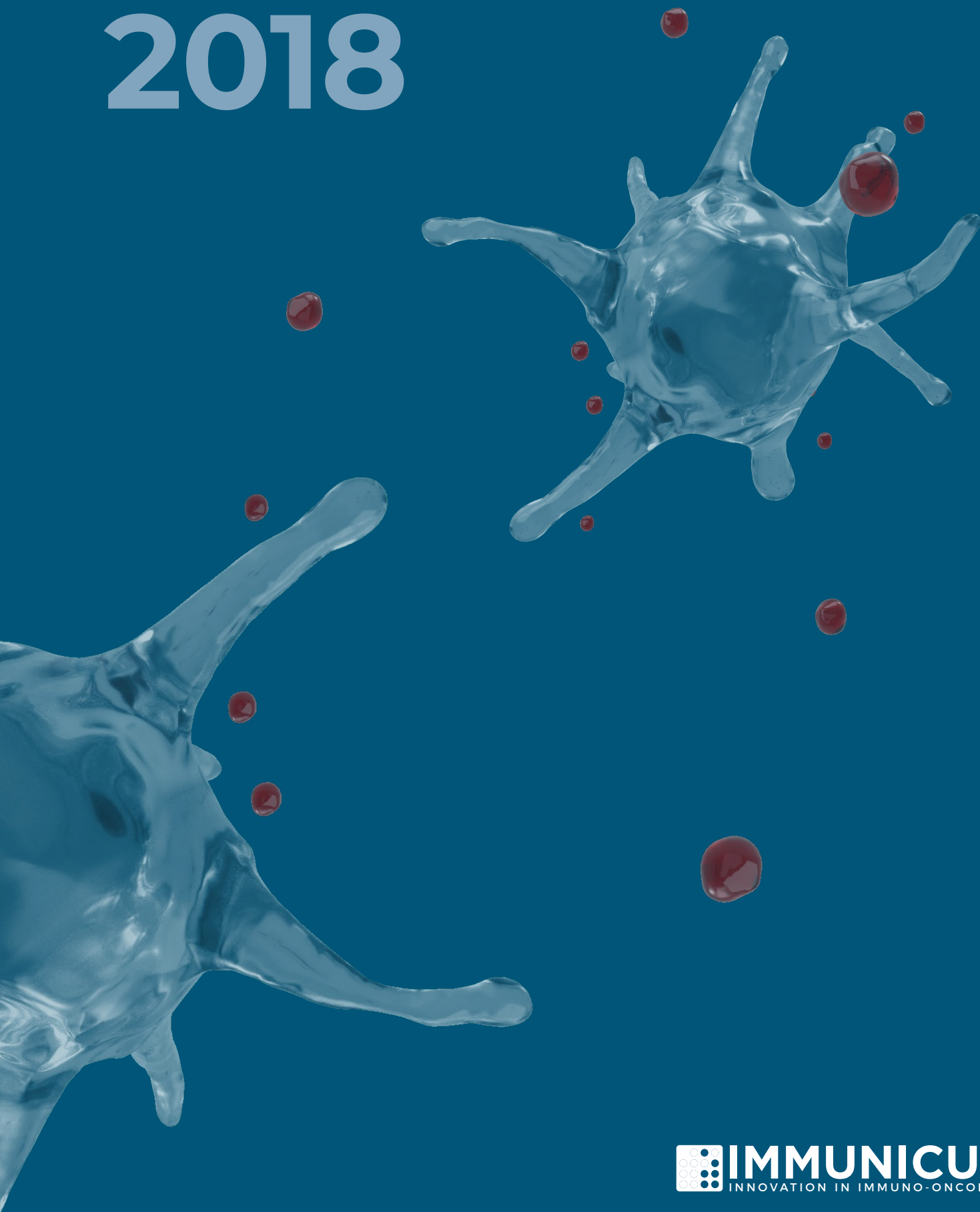


# Corporate Governance Report 2018



# Corporate Governance Report

» **Immunicum Aktiebolag (publ)**, is a Swedish company with its registered office in Gothenburg and corporate identity number 556629-1786. The company's share is listed on Nasdaq Stockholm, Small Cap, and traded under the ticker IMMU.

Immunicum's corporate governance is based on applicable laws, rules and recommendations for listed companies, such as the Swedish Corporate Governance Code ("The Code"), Nasdaq Stockholm's Rule Book for Issuers, the Articles of Association and company-specific rules and guidelines. This report, which is separate from the annual report, pertains to the 2018 financial year and has been reviewed by the company's auditors.

## Deviations from the Code, stock exchange rules or generally accepted practice in the securities market.

During 2018, the company applied the Code with two deviations. The company did not deviate from any stock exchange rules. Additionally, the company has not been the subject of any rulings by the Nasdaq Stockholm Disciplinary Committee nor a decision on infringement of generally accepted practice in the securities market by the Swedish Securities Council.

## Corporate governance at Immunicum

Corporate governance at Immunicum aims to create a clear delegation of roles and responsibilities among owners, the Board of Directors and senior management.

Responsibility for governance, management and control at Immunicum is allocated among the general meeting, the Board of Directors, its elected committees and the CEO.

## External regulations that impact corporate governance

- » The Swedish Companies Act
- » Regulations for external reporting
- » Nasdaq Stockholm's Rule Book for Issuers
- » The Swedish Corporate Governance Code
- » Other applicable laws and regulations

## Important internal regulations and documents

- » Articles of Association
- » Formal work plan for the Board of Directors, including instructions for the Board's committees
- » CEO directive, including instructions for financial reporting
- » Guidelines for remuneration to senior executives of the company
- » IT policy
- » Financial handbook
- » Authorization instructions
- » Employee handbook
- » Code of Conduct
- » Information and insider policy

## Corporate governance structure



## Corporate governance structure

### Shareholders and the share

Immunicum AB is a CSD-registered company, which means that the company's shareholder register is maintained by Euroclear Sweden AB. Share capital in Immunicum AB consists of one class of shares, which entitles the holder to equal voting rights and equal right to participations in the company's assets. Immunicum's share is traded on Nasdaq Stockholm, Small Cap. At year-end, Immunicum had 5,591 (4,050) shareholders, of which 288 (272) were registered as legal entities and 5,303 (3,778) as natural persons. Owners registered in Sweden own 91.5 (96) percent of the share capital, and owners in foreign countries own 8.5 (4) percent. For more information about shareholders and Immunicum's share, see page 32 in the annual report and at [immunicum.com](http://immunicum.com).

### General meeting of shareholders

In accordance with the Companies Act, shareholders exercise their influence in the company at a general shareholder meeting, which is the company's highest decision-making body. At a general meeting, shareholders resolve on key issues, including amendments to the Articles of Association, the adoption of income statements and balance sheets, any dividends and appropriation of the company's profit, election of Board members and auditors and their remuneration, and discharge from liability of Board members and the CEO.

According to the Articles of Association, notice convening a general shareholder meeting is to be given in the form of an announcement in the Official Swedish Gazette (Sw. Post- och Inrikes Tidningar) and by publishing the notice on the company's website. At the same time as the notice for the Meeting occurs, the company is to inform the general public that the notice for the Meeting has occurred, via placing an announcement in Dagens Industri. Notice of convening the Annual General Meeting (AGM) and Extraordinary General Meeting of Shareholders (EGM) at which issues relating to amendments to the Articles of Association are addressed must be issued not earlier than six weeks and not later than four weeks before the Meeting. Notice of convening an EGM is to be issued not earlier than six weeks and not later than three weeks prior to the Meeting.

Shareholders who are entered in the shareholders' register in the manner described in the Companies Act and who have notified the company of their participation at the meeting by the date specified in the notice of the Meeting will be entitled to participate in the Meeting. This day may not be on Sunday, any other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, and may not fall earlier than the fifth weekday prior to the Meeting. At the AGM, the following matters are to be dealt with:

1. Election of a chairperson to chair the meeting.

2. Preparation and approval of the voting list.

3. Presentation and approval of the agenda.

4. Appointment of one or two persons to verify the minutes.

5. Determination of whether the AGM has been duly convened.

6. Presentation of the Annual Report and the Auditor's Report, and when relevant the consolidated financial statements and Auditor's report for the group.

7. Decisions concerning:

- » the adoption of the income statement and the balance sheet and, when relevant, the consolidated income statement and consolidated balance sheet.
- » allocation of the company's profit or loss according to the duly adopted balance sheet.
- » discharge from liability vis-à-vis the company for the members of the Board and the CEO.

8. Determination of remuneration and other fees for the members of the Board and the Auditor.

9. Election of members to the Board and appointment of auditor(s) and any alternate auditors.

10. Other matters that are to be dealt with at the AGM pursuant to the Swedish Companies Act or the Articles of Association.

### 2018 Annual General Meeting

Immunicum's 2018 AGM took place on Wednesday, 25 April at the School of Business, Economics and Law at the University of Gothenburg. Approximately 13.5 percent of the votes were present at the Meeting. Attorney Mats Dahlgvist was elected to chair the Meeting. The meeting resolved on, among other items:

- » The election of Michael Oredsson as Chair of the Board
- » The re-election of members of the Board: Charlotte Edenius, Steven Glazer, Magnus Nilsson, Magnus Persson and Kerstin Valinder Strinnholm.
- » The re-election of KPMG as auditor, with Jan Malm as the auditor-in-charge.
- » The proposed guidelines for remuneration of senior executives were approved.
- » The discharge from liability of the Board of Directors and CEO for the 2017 financial year.
- » It was resolved to authorize the Board of Directors, for the period until the next AGM, on one or more

occasions, with or without deviation from the shareholders' preferential rights, to decide on a new issue of not more than 5,095,853 shares and of warrants or convertible debentures equivalent to approximately 10 percent of the capital and voting rights.

- » The minutes and information about the 2018 AGM are available at [www.immunicum.com](http://www.immunicum.com) under Corporate Governance.

### 2018 Extraordinary General Meeting

Immunicum held an EGM on 8 November 2018 where it was decided to approve the Board's proposal from 16 November 2018 on a directed issue of shares and a new share issue with preferential rights for existing shareholders.

The minutes together with further information from the EGM are available at [www.immunicum.com](http://www.immunicum.com) under Corporate Governance.

### 2019 Annual General Meeting

Immunicum's 2019 AGM will be held at 10:30 a.m. on April 25 at the Sturegatan 15 conference and events center, Sturegatan 15, in Stockholm.

For more information and the right to participate, see page 64 in the Annual Report or [www.immunicum.com](http://www.immunicum.com).

The minutes from the AGM will be available at [www.immunicum.com](http://www.immunicum.com)

### Nomination Committee

The Nomination Committee represents Immunicum's shareholders and has the task of preparing the AGM's decisions in relation to election and remuneration issues. According to the instructions adopted by the AGM on 25 April 2018, the Nomination Committee is to comprise four members appointed by the four largest shareholders that have accepted the invitation to participate in the Nomination Committee. If one of the four largest shareholders do not wish to appoint such a representative, the next largest shareholder in terms of the number of votes who has not already had the right to appoint a member of the Nomination Committee is to be offered the opportunity to appoint a member. Should they desire to exercise this right, they are to announce their decision within one week. The Nomination Committee is to appoint a chairman from within its ranks. The members of the Nomination Committee are to be presented on the company's website no later than six months prior to the 2019 AGM. In the event that four shareholders have not announced their intention to participate in the nomination work by that point in time, the Nomination Committee will consist of fewer members. If a change in ownership entailing that a shareholder who appointed a member of the Nomination Committee is no longer one of the four largest shareholders takes places not later than two months prior to the 2019 AGM, the member appointed by such a shareholder is to step down from the Committee and the new shareholder that has become one of the

four largest shareholders in the company will be entitled to appoint a new member. The Nomination Committee's mandate period is to extend until a new Nomination Committee has been appointed. Shareholders who have appointed a member of the Nomination Committee have the right to remove such a member and appoint a new representative as a member of the Nomination Committee. Changes to the composition of the Nomination Committee are to be made public as soon as they have occurred. Shareholders of the company are entitled to present proposals of Board members for consideration by the Nomination Committee. The Nomination Committee is to consider, based on the company's operations and stage of development, etc., that the Board is to have an appropriate composition, and a diverse and broad range of qualifications, experience and backgrounds. Members of the Nomination Committee are not entitled to any remuneration. However, the company shall carry all reasonable costs for the work of the Nomination Committee. If deemed necessary, the Nomination Committee may engage external consultants to identify candidates with relevant experience and the company shall carry the costs for such consultants. The company shall also provide resources in the form of personnel if needed to support the Nomination Committee in its work.

The Nomination Committee ahead of the 2019 AGM was convened by the Chair of Immunicum's Board, Michael Oredsson, and comprises Martin Lindström (appointed by Loggen Invest AB), Jannis Kitsakis (appointed by The Fourth Swedish National Pension Fund), Johan Sjöström (appointed by The Second Swedish National Pension Fund) and Jamal El-Mosleh (appointed by BISP Invest AB). The Nomination Committee has appointed Martin Lindström as Chair of the Nomination Committee.

Until the 2018 AGM, Immunicum deviated from Rule 2.4 of the Code, in that Martin Lindström was both Chair of the Nomination Committee and a member of the Board of Directors. The reason for the deviation was that the Nomination Committee felt that the representative from the largest shareholder on the Nomination Committee should hold the position of Chair of the Nomination Committee. As of the 2018 AGM, Martin Lindström is no longer a Board member.

The Nomination Committee's duties include preparing the following proposals to the 2019 AGM: (i) proposal concerning election of the Chair of the AGM; (ii) proposal concerning election of Board members; (iii) proposal concerning election of the Chair of the Board of Directors; (iv) proposal concerning the remuneration to the Board of Directors; (v) proposal concerning election of auditors (if instructed pursuant to Chapter 8, Section 49 b, Paragraph 2 of the Companies Act); (vi) proposal concerning remuneration to the auditors; and (vii) proposal concerning principles of the nomination process ahead of the 2020 AGM.

According to the Code, in connection with the announcement of the 2019 AGM the Nomination Committee is to present an opinion on the company's website regarding its proposal of Board members, taking into account the Code's rules on the composition of the

Board of Directors, to provide specific reasons for the proposal with respect to the requirements for an even gender distribution and to present a brief description of the Nomination Committee's work. The Nomination Committee shall also present relevant information on the website about new Board members proposed for election and members proposed for re-election, primarily their education and work experience, other significant assignments within and outside the company, and their own and related parties' holdings in the company.

## The Board of Directors

### Composition and independence of the Board of Directors

According to Immunicum's Articles of Association, the Board is to consist of no fewer than three and no more than eight members. The AGM held on 25 April 2018 elected six ordinary Board members: Michael Oredsson (Chair of the Board), Charlotte Edenius, Steven Glazer, Magnus Nilsson, Kerstin Valinder Strinnholm and Magnus Persson, all of whom will serve until the close of the next AGM. All Board members are deemed to be independent of the company and its management as well as the company's major shareholders.

Information about Board members, including year of birth, year elected to the Board, education, experience, current and previous assignments and shareholding in the company is available in the 2018 Annual Report on pages 34-35. Shareholdings in the company include own and/or related parties' holdings.

Under the Code, the majority of Board members shall be independent of the company and its management. At least two of the Board members who are independent of the company and its management shall also be independent in relation to the company's major shareholders. All Board members are deemed to be independent of the company and its management and in relation to the company's major shareholders. Major shareholders are shareholders who directly or indirectly control 10 percent or more of the shares or votes in the company.

### The work and responsibility of the Board of Directors

The duties of the Board of Directors are regulated by the Companies Act, the Articles of Association and the Code. The Board of Directors has also adopted written rules of procedure that govern the Board of Director's work, delegation of work and responsibility among the Board, committees, Chair of the Board and CEO. Additionally, the rules of procedure concern the number of scheduled Board meetings and items to be addressed at each meeting, the forms for convening meetings, meeting and decision-making procedures, documentation for Board meetings, the duties of the Chair of the Board, minutes, disqualification and conflicts of interest, compulsory items that the CEO shall submit to the Board of Directors, financial statements and authorized signatories. The Board of Directors' rules of procedure shall be adopted annually. In addition, the Board

of Directors adopted a directive for the CEO and other special policies, such as ethical guidelines (a Code of Conduct), finance policy, authorization instructions and an information and insider policy, and is also responsible for ensuring that the company prepares ethical guidelines. In addition to the Board meetings, the Chair of the Board and the CEO have a continuous dialogue regarding issues significant for the company.

The Board is responsible for the company's organization and the administration of its affairs, the company's overall business plan, material organizational changes, changes to the focus of the company's operations and the income statement and balance sheet. The Board of Directors shall also make decisions on investments, acquisitions or divestments of material assets, shares or operations, loans and credit facilities, guarantees provided, and signing and amending material contracts or contracts between the company and the shareholders. Furthermore, the Board of Directors is to address matters referred to the Board of Directors by the CEO. The Board of Directors assumes overall responsibility for ensuring that the company's organization is designed so that accounting, asset management and the company's financial circumstances are controlled in a satisfactory manner and is responsible for continuously assessing the CEO's work. The Board of Directors is also responsible for ensuring the quality of the financial reporting, including monitoring systems and the internal control of the company's financial reporting and position. In addition, the Board is responsible for ensuring that the information the company discloses externally is transparent, correct, relevant and clear. The Board of Directors is responsible for preparing the required guidelines and other policy documents.

The Chair leads the Board of Directors' work and has special responsibility for ensuring that the Board of Directors' work is well organized and effectively implemented. The Chair, in consultation with the company's CEO, is responsible for ensuring that Board members receive an agenda for every meeting and the necessary documentation in sufficient time prior to each Board meeting. The Chair is also to ensure that each Board member continuously updates and broadens their knowledge of the company and that new Board members receive the necessary introductory training and any other training that the Chair and the new member deem appropriate. The Chair is responsible for contact with shareholders in owner-related matters and forwarding shareholders' opinions to the Board of Directors, and also for ensuring that the Board of Directors' work is evaluated every year following a systematic and structured process aimed at developing the Board of Directors' work forms and methods. The results of the evaluation are to be presented to the Nomination Committee.

### Work of the Board and important events during 2018

The Board normally meets six times per year. Additional meetings may be held to address issues which cannot be referred to an ordinary meeting. The Board of Directors held ten meetings during 2018 in which minutes were recorded, excluding those held by correspondence.

Members' attendance at Board meetings is shown in the table on the next page. In 2018, the Board has handled the following matters:

- » Financing
- » Strategic resolutions concerning product and business development
- » Risk management and risk assessment
- » Governing documents
- » Evaluation of the CEO
- » Financial reports including reporting from external audit

The Board of Directors has planned six (6) meetings for 2019.

### Board committees

The Board of Directors elects three committees from within ranks: the Audit Committee, the Remuneration Committee and the Scientific Committee, which work according to the established instructions from the Board of Directors.

#### Audit Committee

The Board of Directors has appointed an Audit Committee comprising Michael Oredsson (Chair of the Board), Kerstin Valinder Strinnholm and Magnus Persson. Michael Oredsson has been appointed Chair of the Audit Committee. The Committee fulfils the company's requirements for independence as well as accounting and auditing expertise.

The Board is to draw up instructions for the tasks of the Audit Committee on an annual basis. The instructions to the Audit Committee state that the Audit Committee is, without impacting the responsibility and tasks of the Board in general, to monitor the company's financial reporting, monitor the effectiveness of the company's internal control and risk management in respect of the financial reporting, keep themselves informed regarding the audit of the annual accounts and other financial reports, scrutinize and monitor the impartiality and independence of the auditor, and in so doing be particularly observant in the event that the auditor provides additional services to audit services to the company. The Audit Committee is also to meet with the auditor on an annual basis to be informed about the scope and direction of the auditor's audit, as well as the auditor's observations during the work with the audit. Furthermore, the Audit Committee is to evaluate the audit work and assist in the preparation of proposals for the general meeting's decisions on the election of auditors. In addition, the Audit Committee is, among other tasks, to scrutinize together with the company's auditor related party transactions and significant accounting policies in connection with quarterly reports and annual reports. The Audit Committee is to hold at least four meetings per year and the Chair of the Audit Committee is to present a written report of matters discussed at the latest meeting of the Audit Committee to a meeting of the Board at least twice per year. The Audit Committee has met six (6) times during the year to discuss the period's financial information, risks, internal controls, the auditors' review of the company and the financial statements.

## Scientific Committee

Board member Steven Glazer is Chair of the Scientific Committee and Board members Charlotte Edenius and Magnus Persson are members of the Scientific Committee, and none of the aforementioned Board members are employed by the company.

The work of the Scientific Committee is regulated in the Board's work plan and in an article that is adopted by the Scientific Committee and evaluated on an annual basis. The Chair of the Scientific Committee and one other member of the Scientific Committee must be members of the Board and neither of these may be employed in the company. The company's Chief Scientific Officer and/or the CEO is to prepare the meetings of the Scientific Committee. The Scientific Committee may, if the need arises, seek external advice or advice from the company's scientific advisory board. The Chair of the Scientific Committee is to inform the Board of the Committee's work and evaluate its work and compliance with the articles on an annual basis and provide a written evaluation to the Board.

The Scientific Committee met five (5) times during the year to discuss the clinical studies and their design, choice of contract research organization, pace of recruitment and scientific advice.

## Remuneration Committee

The Remuneration Committee consists of Board member Kerstin Valinder Strinnholm (Chair of the Remuneration Committee), Michael Oredsson and Magnus Nilsson. The Committee is assessed as fulfilling the Code's requirements for independence as well as for the necessary knowledge and experience in remuneration of senior executives.

The main tasks of the Remuneration Committee are to prepare the Board's decisions in matters of remuneration principles, including drawing up proposals for the AGM's decisions regarding guidelines for remuneration to senior executives of the company, remuneration and other employment conditions for the company's CEO and other senior executives; to follow and evaluate variable remuneration for senior management; and to follow and evaluate the application of guidelines for remuneration to senior executives and current remuneration structures and levels within the company. The Remuneration Committee is further tasked with monitoring and regularly evaluating current and concluded programs for variable remuneration to senior executives and with preparing questions on proposals for future incentive programs. The Remuneration Committee met two (2) times during the year to discuss existing compensation systems in the company, proposals for guidelines for the CEO and senior executives as well as guidance for future share-based incentive programs, which will be presented at the AGM in April 2019 for shareholder approval.

For information about salaries and remuneration to the CEO and senior executives, see Note 5 in the 2018 Annual Report.





	Function	Independence in relation to the		Compensation, KSEK				
		Company	Owners	Board fees	Audit Committee	Remuneration Committee	Scientific Committee	Total
Michael Oredsson <sup>1</sup>	Chairman	Yes	Yes	400	35	15		450
Charlotte Edenius	Board member	Yes	Yes	125			25	150
Steven Glazer	Board member	Yes	Yes	125			50	175
Magnus Nilsson	Board member	Yes	Yes	125		15		140
Magnus Persson	Board member	Yes	Yes	125	15		25	165
Kerstin Valinder Strinnholm	Board member	Yes	Yes	125	15	35		175
Agneta Edberg <sup>2</sup>	Chairman	Yes	Yes	-	-	-	-	-
Martin Lindström <sup>3</sup>	Board member	Yes	No	-	-	-	-	-

	Attendance			
	Board <sup>4</sup>	Audit Committee	Remuneration Committee	Scientific Committee
Michael Oredsson <sup>1</sup>	8/10	4/6 <sup>5</sup>	2/2	
Charlotte Edenius	10/10			5/5
Steven Glazer	10/10			5/5
Magnus Nilsson	8/10	2/6 <sup>6</sup>	2/2	
Magnus Persson	10/10	4/6 <sup>7</sup>		5/5
Kerstin Valinder Strinnholm	10/10	4/6 <sup>8</sup>	2/2	
Agneta Edberg <sup>2</sup>	2/10	2/6 <sup>9</sup>		
Martin Lindström <sup>3</sup>	2/10	2/6 <sup>10</sup>		

## CEO and management

The CEO is responsible for the ongoing management and development of Immunicum 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 of Directors. The CEO shall ensure that the Board of Directors has the necessary factual and relevant information to take a well-founded decision. The CEO also monitors compliance with Immunicum's goals, policies and strategic plans established by the Board of Directors and is responsible for informing the Board of Directors about Immunicum's development between Board meetings.

The CEO of Immunicum is Carlos de Sousa. The CEO leads the work in the management team, which is responsible for the overall development of the company's operations and business. In addition to the CEO, management over the year has consisted of Immunicum's Chief Financial Officer (CFO), Chief Medical Officer (CMO), Chief Scientific Officer (CSO), Head of CMC, Head of Regulatory Affairs and Senior Director Business Development (a total of seven individuals). A presentation of Carlos de Sousa can be found in the section Organization on page 36-37 in the Annual Report.

1. Chairman elected at the Annual General Meeting on April 25, 2018
2. Chairman until the Annual General Meeting on April 25, 2018
3. Board member until the Annual General Meeting April 25, 2018
4. Excluding per capsulam meetings
5. Elected Chairman of the Audit Committee at the Annual General Meeting on April 25, 2018
6. Member of the Audit Committee until the Annual General Meeting on April 25, 2018
7. Elected member of the Audit Committee at the Annual General Meeting on April 25, 2018
8. Elected member of the Audit Committee at the Annual General Meeting on April 25, 2018
9. Member of the Audit Committee until the Annual General Meeting on April 25, 2018
10. Member of the Audit Committee until the Annual General Meeting on April 25, 2018



## Remuneration

### Remuneration to the members of the Board of Directors

The Nomination Committee, which is appointed according to the principles approved by the AGM, provides its proposals for fees to the Board of Directors. Fees to the Board are payable pursuant to a resolution adopted by the AGM and are presented in the table on the previous page.

### Remuneration to senior management

Remuneration issues for senior executives are addressed by the Board of Directors' Remuneration Committee. The Board of Directors decides the CEO's remuneration based on the proposal from the Remuneration Committee. Remuneration and terms for senior executives are to be based on market conditions and a balanced mix of a fixed annual salary, variable salary, pension benefits, other benefits and terms and conditions upon termination of employment.

### Guidelines for remuneration to senior executives 2018

#### Deviations from the guidelines

The Board of Directors is entitled to deviate from the guidelines if justified due to special circumstances in the individual case.

Immunicum has deviated from Rule 9.5 of the Code in that the variable cash remuneration which may be paid to the company's CEO in conjunction with the sale of all or the majority of the company's assets or intellectual property rights, the licensing of the company's intellectual property rights or other similar transactions does not contain a monetary limit for the maximum outcome but is instead calculated as a fixed percentage. The deviation was necessary due to the need to recruit a CEO with the right experience and competence for the next phase of Immunicum's development.

According to the guidelines for remuneration to senior executives that were adopted at the AGM on 25 April 2018, Immunicum shall offer a total compensation package at market level that enables the recruitment and retention of qualified senior executives. Compensation to the senior executives shall be comprised of a fixed salary, variable salary based on the individual's achievement of goals and other benefits. If the Board of Directors considers that new share-based incentive schemes – for example, employee share options – should be introduced, the Board of Directors shall propose that such schemes are resolved upon by the general meeting.

#### Fixed salary

The fixed salary shall take into account the individual's performance in the position considering the areas of responsibility and experience. Evaluation and reconsideration is normally made annually.

#### Variable salary

The variable salary shall, if applicable, be based on the individual's achievement of qualitative and quantitative goals. The variable part of the salary can, for the CEO, amount to a maximum of 35 percent of the fixed annual salary and for other senior executives to a maximum of 20 percent of the fixed annual salary.

#### Pension

Pension benefits shall be premium-based. The pension premiums shall, for the CEO, be a maximum of 30 percent of the fixed monthly salary and for other senior executives a maximum of 25 percent of the fixed monthly salary.

#### Severance pay, etc.

The notice period for senior executives shall be a maximum of twelve months. Severance payments shall not be made. However, the CEO can be entitled to extraordinary compensation of a maximum of one year's salary in the event of a change of ownership whereby the company is wholly acquired or taken over.

#### Other benefits

The senior executives are entitled to other customary benefits, such as corporate health care.

#### Preparation and decision-making process

The CEO's compensation shall be prepared and resolved upon by the Board of Directors. Other senior executives' remuneration shall be prepared by the CEO who shall propose remuneration to the Board of Directors for approval. The Board of Directors is entitled to deviate from the aforementioned guidelines if justified due to special circumstances in the individual case.

#### External auditor

The company's auditor is elected by the AGM. Immunicum's auditor is the registered accounting firm KPMG AB. Authorized public accountant Jan Malm is the auditor-in-charge.

The external audit plan and risk management are discussed with the Audit Committee. The auditors perform a general review of the quarterly report for the third quarter and audit the annual accounts. The auditors also express an opinion as to whether this corporate governance report has been prepared and whether certain information contained within it is compatible with the annual accounts. The auditors report the result of their audit of the annual accounts and their review of the corporate governance report in the audit report and the corporate governance report as well as in a special opinion on compliance with remuneration of senior executives, which are presented to the AGM. In addition, the auditors submit accounts of performed reviews to the Audit Committee and to the Board of Directors in its entirety.

The fees invoiced by the auditors for the last two financial years are reported in Note 4 in the 2018 Annual Report.

## Internal control and risk management

The overall purpose of the internal control is to ensure to a reasonable degree that the company's operative strategies and goals are followed up and that the owners' investments are protected. The internal control is also to ensure that the external financial reporting is to a reasonable degree reliable and prepared in accordance with good accounting practice, that applicable laws and regulations are followed, and that the demands made on listed companies are met. At Immunicum, internal control of the financial reporting is, for example, directed at ensuring an effective and reliable handling and reporting of accrued costs.

The internal control environment is largely comprised of the following five elements: control environment, risk assessment, control activities, information and communication, and follow-up.

### Control environment

The control environment at Immunicum constitutes the frame for the direction and culture communicated to the organization by the company's Board and management. Internal management and control in accordance with accepted frameworks are a prioritized area of the management work. Immunicum's Board and management define and shape decision pathways, powers and responsibilities which are clearly defined and communicated in the organization. The company's Board also strives to ensure that steering documents such as internal instructions and policies cover identified significant areas and that they provide the right guidance to the different senior executives in their work at the company.

### Risk assessment

Immunicum's Board works continuously and systematically with risk assessments in order to identify risks and take appropriate measures in respect of these. The company has an annual risk process in place where risks are identified from a company perspective to provide an overview of the most important risks for Immunicum, which are followed up by the management team during the year. Each identified risk is to be documented with a potential action plan to reduce risk whenever possible. The risk assessment is also designed to identify such risks that significantly impact the internal control of the financial reporting.

### Control activities

The primary purpose of the control activities is to prevent, discover and rectify errors in the financial reporting. Routines and activities have been designed to manage and deal with significant risks which are related to the financial reporting. The activities include analytical follow-up and comparison of earnings trends or items, reconciliation of accounts and balance sheet specifications, as well as approval of all bank transactions and cooperation agreements, powers of attorney and authorization instructions, and accounting and valuation principles. Access to financial systems is restricted according to authority, responsibility and role.

### Information and communication

In addition to the very high demands made by Nasdaq Stockholm and supervisory authorities regarding the scope and accuracy of information, Immunicum has internal control functions for information and communication in place to ensure that correct financial and other company information is communicated to coworkers and other stakeholders.

The company's internal instructions and policies are available to all coworkers and give detailed information about routines that apply in all parts of the company, and describe the control functions and how they are implemented.

The security around all information that can affect the company's market value and ensuring that such information is communicated externally in a correct and timely manner are cornerstones in the company's commitment as a listed company. These two factors and the routines for managing them ensure that the financial reports are received by the financial market's actors at the same time and present a true and fair view of the company's financial result and position.

### Follow-up

Compliance with internal policies, directives, guidelines and codes, and the suitability for purpose and functionality of established control activities are followed up continuously. Measures and routines in respect of the financial reporting are subjected to continuous follow-up. The CEO ensures that the Board of Directors constantly receives reports on the development of the company's operations, including the development of the company's results and position as well as information about important events including research results and important agreements. The Board reviews the Annual Report and interim reports prior to their publication. The Board meets the company's auditors once a year to discuss the internal control and the financial reporting.

### Special assessment of the need for internal audit

Immunicum has no special scrutinizing function (internal audit). The company has an uncomplicated legal and operative structure in which the Board continually follows up the company's internal control in conjunction with external and internal financial reporting. In addition, the audit committee monitors the efficiency of the internal control and the risk management of the financial reporting. In light of the foregoing, the Board of Directors has decided not to establish a separate internal audit function, but shall evaluate the matter annually.

### External audit

The company's auditor is appointed by the AGM for the period until the close of the next AGM. The auditor shall review the Annual Report and financial accounts plus the management by the Board of Directors and the CEO. Following each financial year, the auditor is to submit an audit report to the AGM. Every year, the company's auditors report their findings and their assessments of the company's internal controls to the Board of Directors.

Stockholm April 2, 2019

*Michael Oredsson*  
CHAIRMAN OF THE BOARD

*Charlotte Edenius*  
BOARD MEMBER

*Steven Glazer*  
BOARD MEMBER

*Magnus Nilsson*  
BOARD MEMBER

*Magnus Persson*  
BOARD MEMBER

*Kerstin Valinder Strinnholm*  
BOARD MEMBER

*Carlos de Sousa*  
CHIEF EXECUTIVE OFFICER

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## Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Immunicum AB, corporate identity number 556629-1786

### Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2018 and that has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm den 2 April 2019

KPMG AB

*Jan Malm*  
Authorized Public Accountant

*Sven Cristea*  
Authorized Public Accountant



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