

# Corporate governance report

**This corporate governance report for Sanolium AB, CIN 559176-1423 (“the Company”), has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554). The Board of Directors of the Company is responsible for the corporate governance report. The corporate governance report for the financial year has been reviewed by the Company’s auditor and is described in “Auditor’s statement on the Corporate Governance Report”.**

## CORPORATE GOVERNANCE

### Governance overview

The Company is a Swedish public limited liability company whose corporate bond has been admitted for trading on the regulated market Nasdaq Stockholm. The governance of the Company and its subsidiaries is based on the Company’s articles of association, the Swedish Companies Act, Nasdaq Stockholm’s regulations for issuers, IFRS, other applicable Swedish and foreign legislation and rules and internal rules and guidelines. These internal rules and guidelines include Cambio Code of Ethics and Conduct and other internal rules and recommendations that contain principles and provide guidance for the Company’s operations and employees.

The Company is a Swedish limited liability company whose shareholders ultimately decide on the governance of the Company by appointing its Board of Directors at the Annual General Meeting. The Board of Directors, in turn, is responsible on an ongoing basis for the compliance of the Company with laws and other external and internal rules and regulations. Since its shares are not admitted for trading on a regulated market, the Company does not apply the Swedish Corporate Governance Code.

## SHAREHOLDERS

As per 31 December 2021, the Company had one shareholder, Sanolium Holding AB, CIN 559183-3925. The shareholder held all 165,863,715 shares in the Company. Sanolium Holding AB in turn is wholly owned by Sanolium Group Holding AB. Sanolium Group Holding AB belongs to the portfolio company structure of the multinational investment firm Investcorp, which holds 80.5 percent. The remaining 19.5 percent is owned by employees and other key persons within the company. None of these employees or other key persons hold a block of shares corresponding to a minimum of one-tenth of the number of votes of all shares in the Company.

## GENERAL MEETING AND ARTICLES OF ASSOCIATION

In accordance with the basic rules concerning a limited liability company’s governance and organisation, the Company is governed via its general meeting. The general meeting is the Company’s highest decision-making body, and the articles of association do not contain any provisions that impact the decision-making at the general meeting.

At the general meeting, the Company’s shareholders resolve on, for example, the adoption of the income statement and balance sheet, dividends and other appropriations of the Company’s earnings, discharge of liability for Board members and the CEO, the election of Board members and the adoption of Board fees.

The general meeting also appoints the Company’s external auditor, who issues an auditor’s report of its audit of the Company’s annual report and consolidated financial statements, the appropriations of earnings, and the management of the Company and its operations by the Board and the CEO. The external auditor’s report is submitted to the general meeting for resolution.

The Company’s articles of association are prepared in accordance with the requirements set out in the Swedish Companies Act regarding mandatory disclosures and does not contain special provisions on the appointment and removal of Board members or amendment to the articles. There are also no limitations on how many votes each shareholder may cast at the general meeting. Currently, the general meeting has not granted authorisation to the Board to decide on issuing new shares or acquiring own shares.

## BOARD OF DIRECTORS

The Board of Directors is responsible for the Company’s management and organisation. The tasks of the Board of Directors are regulated primarily by the Swedish Companies Act (2005:551). The

responsibility of the Board of Directors includes, for example, adopting and reviewing the Company's targets and strategies with regard to the long-term financial goals, the risks to which the Company is exposed, and exercising satisfactory control of compliance and that internal rules with regard to risk management, risk control and risk reporting are followed. The Board of Directors is also responsible for establishing written guidelines and instructions that are evaluated on a regular basis to ensure that the Company's business is conducted in a manner that does not jeopardise the Company's ability to fulfil its obligations, that the Company reports breaches and follows up on them, and that the Company conducts its business in a satisfactory manner. Furthermore, the Board of Directors shall follow the financial developments within the Company and ensure the quality of the financial reporting and the reporting of the control functions.

### **CEO AND THE COMPANY'S MANAGEMENT TEAM**

The CEO holds the overall responsibility for managing all of the risks associated with the Company's business activities in accordance with adopted policies and guidelines. The responsibility of the CEO also includes ensuring that the organisation and working procedures are always compliant with applicable regulations. The CEO shall also lead the Company's management group by executing decisions made by the Board of Directors.

### **INTERNAL CONTROL AND RISK MANAGEMENT IN CONJUNCTION WITH FINANCIAL REPORTING**

The Board of Directors is ultimately responsible for the internal control of the financial reporting and approves on an annual basis a number of policy documents to provide support to the Board of Directors and Group management in taking action in a manner that promotes correct and thorough internal control and risk management. These key policy documents include the Board's rules of procedures, instructions for committees, and instructions for the financial reporting. In addition, the Board has established an audit committee, the primary task of which is to monitor the company's financial reporting, evaluate the effectiveness of the internal control, and annually assess the need for an internal audit function, the risk management and the impartiality of the auditors. For 2021, the Board has made the assessment that there is no need to introduce a separate internal audit function given the Company's size, nature and other internal control procedures. The responsibility for ensuring that ongoing work with the control environment is carried out rests with the CEO, who regularly reports to the Board in accordance with issued instructions. The Company's finance and treasury department plays a key role in ensuring the quality of the financial information. It is responsible for ensuring that the financial information is complete, correct and prepared on time. The finance and treasury department reports to the CFO, who in turn reports to the CEO. In recent years, the Company has grown in part through acquisitions, which has raised difference in matters related to financial reporting and internal control. During the year, significant efforts have been made to create a more unified control environment. Acquired companies are integrated gradually. The Company's external auditor regularly reports its observations to the CEO and the Board of Directors.