



# **CORPORATE GOVERNANCE REPORT 2020**

XVIVO PERFUSION AB (PUBL)

# CORPORATE GOVERNANCE REPORT

“Good corporate governance means ensuring that companies are run sustainably, responsibly and as efficiently as possible on behalf of their shareholders. The confidence of legislators and the public that companies act responsibly is crucial if companies are to have the freedom to realize their strategies to create value. The confidence of existing and potential shareholders that such is the case is crucial to their interest in investing in companies, thus securing corporate Sweden’s freedom to develop and its supply of competence and venture capital.” (Extract from the Swedish Corporate Governance Code)

XVIVO Perfusion AB (publ) is a Swedish public limited company listed on Nasdaq Stockholm’s main market since November 28, 2016. The corporate governance policies applied by XVIVO Perfusion are based on Swedish legislation, primarily the Swedish Companies Act and the Swedish Annual Accounts Act, and NASDAQ Stockholm AB’s regulations. The company has applied the Swedish Corporate Governance Code (“the Code”) as from the day the company’s shares were listed on Nasdaq Stockholm’s main market. XVIVO Perfusion has deviated from the code only regarding the design of cash-based incentive programs for participants in countries where allocation of warrants is not appropriate. The time period of the two cash-based incentive programs, which as far as is practically possible have been designed so that they correspond to the terms and conditions of the two warrant programs outstanding, is less than the three years stipulated in the code. The two warrant programs outstanding are further described in the 2020 Annual Report in note 24. Further information on corporate governance in XVIVO Perfusion is to be found at [www.xvivoperfusion.com](http://www.xvivoperfusion.com).

## Ownership

According to Monitor’s shareholder register, XVIVO Perfusion had 6,346 shareholders as of December 31, 2020, an increase of 16% compared to the previous year. XVIVO Perfusion AB’s (publ) ten largest shareholders as of December 31, 2020 are listed below:

Shareholder	Number of shares	Shares and votes, %
Bure Equity AB	4 322 504	15,1
Swedbank Robur	2 994 542	10,4
Fjärde AP-Fonden	1 875 000	6,5
Eccenovo AB	1 675 893	5,8
Handelsbanken Fonder	1 083 824	3,8
Lannebo Fonder	1 044 759	3,6
Miton Asset Management	1 011 340	3,5
Invesco	1 000 000	3,5
Tredje AP-fonden	520 000	1,8
Leif Bergwall	427 147	1,5
Övriga	12 955 009	44,4
Total	28 719 136	100,0

Source: Monitor’s compilation on 31 December 2020.

## Shares

As of December 31, 2020, the share capital of XVIVO Perfusion AB (publ) was SEK 734,025 allocated among 28,719,136 shares. The shares are traded on Nasdaq Stockholm’s main market. All shares carry the same number of votes and entitle shareholders to equal shares in XVIVO Perfusion’s assets and earnings.

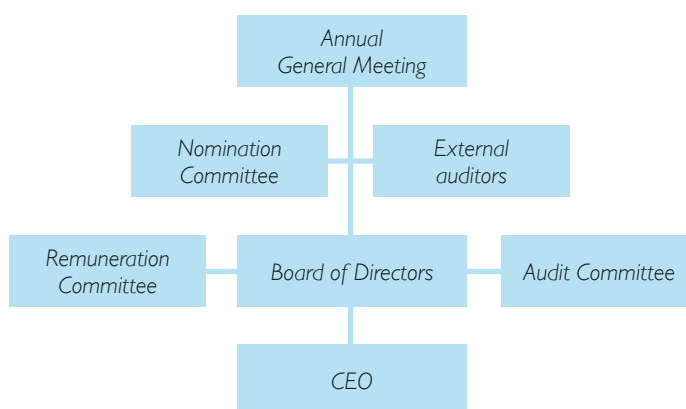
At the XVIVO Perfusion Annual General Meeting on Mars 31, 2020, it was resolved that for the period until the next Annual General Meeting and on one or more occasions, the Board of Directors is authorized to issue a maximum of 2,660,000 shares, corresponding to 10 % of the total number of shares and votes in the company.

A resolution was adopted at XVIVO Perfusion’s Annual General Meeting held on Mars 31, 2020 to issue no more than 408,000 warrants entitling warrant holders to subscribe for new shares. The warrants were offered to all employees in the two Swedish group companies. Of these warrants, a total of 374,000 has been subscribed by employees. If these warrants are fully utilized, the share capital will increase by SEK 9,724, corresponding to a dilution of approximately 1.3 percent of the total number of shares and votes in the company.

A directed rights issue was carried out during the third quarter of 2020. The company received SEK 500,000,000 in connection with the share issue. The share capital increased by SEK 54,150 and the excess part, SEK 499,945,850, was recognized as share premium. The issue expenses were 12,954,550 SEK.

## Corporate governance

The figure below illustrates XVIVO Perfusion’s corporate governance model and who appoints the central bodies.



## Annual General Meeting

XVIVO Perfusion’s highest decision-making body is the general meeting of shareholders. The Annual General Meeting shall be held within six months of the end of the financial year. A notice convening the AGM is issued no earlier than six and no later than four weeks prior to the meeting. All shareholders entered in the shareholders’ register and who have notified their intent to attend in time are entitled to participate in and vote at the meeting. Shareholders who are unable to attend may be represented by a proxy.

## Annual General Meeting 2020

The last Annual General Meeting was held on March 31, 2020 in Gothenburg. At the Meeting it was decided to re-elect the board members Gösta Johannesson, Camilla Öberg, Folke Nilsson, Yvonne Mårtensson and Dag Andersson. Gösta Johannesson was elected Chairman of the Board. A resolution was passed to adopt board fees of a total of SEK 1,005,000 SEK, of which SEK

250,000 to the Chairman, SEK 150,000 to each of the other board members and SEK 40,000 to the Chairman of the Audit Committee, SEK 40,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other members of these committees.

The proposal not to pay any dividend for the financial year 2019 was approved.

The Board was authorized, for the period up until the next Annual General Meeting, to decide on one or more occasions to make a new issue of a maximum of 2,660,000 shares, corresponding to slightly less than 10% of the total number of shares and votes in the company.

The proposed policies for remuneration and other terms of employment for the executive management were adopted. The proposed issue of 408,000 warrants entitling warrant holders to subscribe for new shares was approved.

### **Extraordinary General Meeting 2020**

An Extraordinary General Meeting was held on 14 October 2020. The Annual General Meeting decided that the Board of Directors shall consist of six members until the next Annual General Meeting. The Meeting elected Lena Höglund and Lars Henriksson as board members. Dag Andersson resigned from the board, due to his appointment as CEO of the company as of June 1, 2020. It was decided that board fees should be adjusted to a total of SEK 1,092,500.

### **Annual General Meeting 2021**

The Annual General Meeting will be held on Thursday, April 22, 2021 at 3:00 p.m. at the Svenska Mässan, visiting address: Mässans gata 24, in Gothenburg. Advance voting by postal voting will be allowed in accordance with information in the notice. Shareholders who wish to participate in the Annual General Meeting shall be registered in the share register kept by Euroclear Sweden AB no later than Wednesday, April 14, 2021. Shareholders who wish to attend the Annual General Meeting shall notify the Company no later than April 16, 2021. Either by writing to XVIVO Perfusion AB (publ), the Annual General Meeting 2021, c/o Advokatfirman Vinge KB, Box 110 25, 404 21 Gothenburg, by e-mail to [xvivoperfusion@vinge.se](mailto:xvivoperfusion@vinge.se), or by sending their postal vote in accordance with the instructions in the notice.

## **The Board**

### **General**

The Board is responsible for the company's administration of its affairs and organization. At the Annual General Meeting held in Mars 2020, five Board members were elected, and at the Extraordinary General Meeting in October 2020 six members were elected, with competence in both medical devices and biotechnology as well as within the areas of finance and strategy. The company's CFO served as the Board's secretary. In 2020, the Board held 17 meetings (11), and minutes were kept at all meetings.

Board members' attendance at each meeting is presented in the following table:

Name	Dependent*	Attendance board meetings	Attendance Remuneration Committee	Attendance Audit Committee
Gösta Johannesson	Yes	17/17	3/3	
Folke Nilsson		17/17		5/5
Camilla Öberg		17/17		5/5
Yvonne Mårtensson		17/17	2/2	3/3
Alan Raffensperger		3/3		2/2
Dag Andersson		15/15	1/1	
Lena Höglund		2/2	1/1	
Lars Henriksson		2/2	1/1	

\* Dependent in relation to the company's major shareholders

The CEO has participated at all the Board meetings. Other senior executives have attended dependent on the addressed issues. Remuneration and other benefits paid to the Board of XVIVO Perfusion are detailed in Note 7 of the 2020 Annual Report.

### **The Board's work**

Each year, the Board is to convene for a minimum of seven scheduled meetings, equally distributed over the year, and one statutory Board meeting. The meetings are normally held in the form of physical meetings at XVIVO Perfusion's headquarters in Gothenburg. If it is preferable for practical reasons, the meetings are held by telephone or in special cases per capsulam.

2020 was a special year in the wake of the Covid-19 pandemic, since all individuals and organizations had to take a great responsibility in order to limit the spread of infection. For this reason, the Board of Directors changed its way of working during the year. Physical board meetings have been kept to a minimum in favor of digital meetings. Travel within the board assignment has also been reduced. During the year, focus has been on the effects of the pandemic on XVIVO's operations. In early spring 2020, the company developed and expanded its forecasting to be able to quickly address the effects of the pandemic on sales and studies, which resulted in a cost-cutting program. During the year, the Board of Directors followed and assessed sales and cost forecasts carefully.

The Chairman leads and organizes the Board's work. A proposed agenda and decision data regarding the items to be addressed at the meeting are sent ahead of each meeting. The proposed agenda is drawn up by the CEO in consultation with the Chairman. Items presented to the Board are for information purposes, discussion, or decision. Decisions are only taken following discussion and after all members present have been given the opportunity to be heard. The Board's extensive experience in various areas generates constructive and open discussion. During the year, no Board member registered dissent with regard to any Board decision. Any open issues are followed up on an ongoing basis.

One of the meetings held during the year focused on strategic questions. In addition, parts of the Board have met on several occasions to discuss questions they have been tasked with investigating further. The Board's formal work plan was adopted at the statutory Board meeting on Mars 31, 2020. The Board's formal work plan is reviewed at least once a year. The plan regulates

areas such as the allocation of responsibilities, the number of scheduled meetings, the form of notifications, decision data and minutes, conflicts of interest, mandatory items to be submitted by the CEO to the Board and authorized signatories. The Board addresses ongoing items such as business conditions, interim reports, budgets, strategies, and external information.

In addition to the Board material, the CEO distributes monthly reports containing a financial report and a description of current events in operations and in the market. The aim is to keep the Board informed about the development of the company's operations to enable the Board to take well-founded decisions. Once each year, the Board holds a meeting that evaluates the work of the CEO, which the executive management does not attend. The Board ensures the quality of the financial reporting through its own work and through contact with the auditor. The company's auditor participated at the meeting addressing the annual accounts, where the audit results were reported. At the autumn of 2019, the Board evaluated its work by doing a self-evaluation procedure where each Board member assesses just over fifty statements about the Board's role and function, the Board meetings, Board material, Board members, the Chairman of the Board and the CEO. The board members also weighted the importance of each statement for the board's work and the company's long-term value growth. The responses were compiled by independent third parties and compared with the benchmark index of listed companies in the Nordic region. The evaluation is a part of constantly developing the board work and the next evaluation will take place in autumn 2021.

#### **Members of the Board**

XVIVO Perfusion's Board comprises six members, including the Chairman. For details about the Board members and their shareholdings, please refer to the 2020 Annual Report, page 72, and the company's website ([www.xvivoperfusion.com](http://www.xvivoperfusion.com)).

#### **Remuneration Committee**

At the inaugural Board meeting, the Board of XVIVO Perfusion appoints a remuneration committee, which prepares proposals concerning questions of remuneration. The Remuneration Committee's areas of responsibility are defined in the Board's formal work plan and in the Remuneration Committee's instructions. The Group's guidelines for remuneration of executive management are included in the Administration Report on pages 46-47 of the 2020 Annual Report and on the company's website ([www.xvivoperfusion.com](http://www.xvivoperfusion.com)). The Remuneration Committee consists of three Board members: Gösta Johannesson (Chairman of the Remuneration Committee), Lars Henriksson and Lena Höglund.

#### **Audit Committee**

At the inaugural Board meeting, the Board of Directors of XVIVO Perfusion appoints an audit committee. The tasks of the Audit Committee are described in an instruction for the Audit Committee. The purpose of the Audit Committee's activities is to assist the Board of Directors of XVIVO Perfusion in questions regarding financial reporting, auditing and risk management. The Audit Committee is a preparatory body and the Board has overriding responsibility for the questions related to auditing. The members of the Audit Committee shall consist of at least three board members appointed by the Board at the inaugural Board meeting or whenever otherwise necessary. The members of the Committee may not be employed by the Company. At least one

member shall be independent in relation to the company's major shareholders and should have accounting or audit experience. The Audit Committee consists of Camilla Öberg (Chairman of the Audit Committee), Yvonne Mårtensson and Folke Nilsson.

The Audit Committee shall in particular monitor (i) the audit of the Annual Report and the consolidated financial statements, (ii) transactions with related parties, important accounting principles and important correspondence between the company's auditors and management, (iii) the effectiveness of the company's internal controls regarding financial reporting, (iv) the company's routines concerning comments on the company's accounts, internal control and auditing, (v) the scope, focus and quality of auditing work, including follow-up of the audit performed, (vi) budgeted and actual auditing expenses, (vii) the auditors' recommendations, conclusions, observations and proposals after an audit has been performed, (viii) the auditor's impartiality and independence and in this connection pay particular attention to whether the auditor provides the company with other services than auditing work and (ix) assist in the drawing up of proposals for adoption by the Annual General Meeting regarding election of an auditor.

#### **Management Team**

For information on members of the management team and their shareholdings, please refer to page 73 of the 2020 Annual Report and the company's website ([www.xvivoperfusion.com](http://www.xvivoperfusion.com)). XVIVO Perfusion's management team consists of seven members, CEO included. The management team has competence and experience from research and development, quality assurance, regulatory affairs, quality assurance, marketing, production and distribution of medical device equipment. Furthermore, the members of the management team have the necessary competence in economics and finance. The management team meets every other week. Two times a year the team meets for all-day meetings, which provides the opportunity to deal with issues of a more strategic nature. The instruction for the Board of Directors and the CEO was determined on the statutory Board meeting on Mars 31, 2020 and regulates the segregation of duties between the Board of Directors, the Chairman of the Board and the CEO. The operative management is based on the decision-making that has been determined by the Board.

#### **Election of auditor**

At the Annual General Meeting 2020, KPMG AB was appointed as the company's audit firm. During the year, KPMG AB have appointed authorized public accountant Daniel Haglund as auditor in charge up until the end of 2021 Annual General Meeting. Daniel Haglund has reported his observations from the audit to the to the board. The annual report, accounts and the administration of the Board and the CEO were examined within the scope of the above work.

#### **Nomination Committee**

The Nomination Committee for the 2021 Annual General Meeting has been appointed in accordance with the principles adopted at the 2018 Annual General Meeting. These stipulate that the Chairman of the Board – no later than the end of the third quarter of 2021 – shall contact the three largest shareholders of XVIVO Perfusion AB (publ) on the basis of known shareholdings at the end of August 2020 and ask them to appoint one member each to be included in the Nomination Committee. In addition to these three members, the Chairman of the Board shall also be part of the Nomination Committee. If any of the



three shareholders waives their right to appoint a member of the Nomination Committee, or if a member resigns from the Nomination Committee without being replaced by a new member appointed by the same shareholder, the next shareholder in terms of size shall be afforded the opportunity of appointing a member of the Nomination Committee. Unless otherwise agreed by the members of the committee, the Chairman of the Nomination Committee shall be the committee member appointed by the largest shareholder. The mandate period shall run until a new Nomination Committee has taken over.

If during the mandate period of the Nomination Committee one or more shareholders who have appointed Nomination Committee members are no longer one of the three largest shareholders, committee members appointed by these shareholders shall step down and the shareholder or shareholders who have become one of the three largest shareholders shall be entitled to appoint their committee members. Except in special circumstances, there shall be no changes in the composition of the Nomination Committee if only marginal changes in the number of votes have occurred or if the change occurs later than three months before the Annual General Meeting.

The composition of the Nomination Committee was published on the website at least six months before the Annual General Meeting.

The work of the Nomination Committee includes making proposals before the Annual General Meeting regarding (i) election of a Chairman for the meeting, (ii) a resolution regarding the number of Board members, (iii) election of and a resolution regarding fees for the Chairman of the Board and the Board members, (iv) election of and a resolution regarding the fees for the auditor, and (v) a resolution regarding a new Nomination Committee procedure, if the Nomination Committee deems this appropriate.

### **The Board's description of the key elements in the company's system for internal control, follow-up and risk management.**

The Board is responsible for internal control pursuant to the Swedish Companies Act. This report is limited to a description of how the internal control regarding financial reporting is organized. It pertains to the 2020 financial year.

The objective of internal financial control regarding financial reporting at XVIVO Perfusion is to create an efficient decision process in which requirements, targets and frameworks are clearly defined. Ultimately, the controls aim to protect the company's assets and, thereby, the shareholders' investments.

#### **Control environment**

The control environment forms the basis for the internal control. XVIVO Perfusion's control environment includes healthy values, integrity, competence, leadership philosophy, organizational structure, responsibility and authorities. XVIVO Perfusion's internal work procedures, instructions, policies, guidelines and manuals provide guidance to employees. At XVIVO Perfusion, a clear allocation of roles and responsibilities for efficient management of operational risks is ensured through measures including the Board's formal work plan and the instruction for the CEO. The CEO reports regularly to the Board. The CEO is responsible, in terms of the operating activities, for the system of internal controls required to construct a control environment for significant risks. XVIVO Perfusion also has guidelines and policies for financial governance and follow-up as well as for communication issues etc.

The Group's five companies essentially have the same structure, financial system and accounting plan. XVIVO Perfusion continually reviews this system.

#### **Risk assessment and control activities**

XVIVO Perfusion works with risk analysis on an ongoing basis to identify potential sources of error in the financial reporting. Traceability in the financial statements is ensured by good documentation. A system has been developed which follows up various activities in detail and compares them with the budget. The follow-up ensures communication with the different parts of the company, so that the Finance Department is also well acquainted with future activities and any deviations from the budget. The work on securing the processes where it has been identified that the risk of material error in the financial reporting may be assumed to be relatively higher than in other processes is continuously ongoing.

Normal control activities comprise monthly reconciliation of accounts and supplementary checks. The aim of all control activities is to prevent, detect and correct any errors or deviations in the financial reporting. The company intends to continue developing and following up selected control activities during the coming financial year. The company has a system for scanning invoices from suppliers which includes automatic approval control, and this raises the level of security in the internal control.

#### **Follow-up**

The Board continuously evaluates the information submitted by the executive management, which comprises both financial information and material issues pertaining to the internal control. The Board continuously follows up the effectiveness of the internal control, which, in addition to ongoing updates in the event of deviations, is carried out, inter alia, by ensuring that measures are implemented in respect of the proposed actions that may have arisen after external audits.

#### **Information and communication**

Proper disclosures and clear lines of communication, both internal and external, mean that all parts of operations exchange and report relevant, significant operational data in an efficient manner. To achieve this, XVIVO Perfusion has issued a communication policy regarding information management in the financial process, as well as policies and guidelines for other types of information. The executive management has communicated these to employees and employees are acquainted with the communication policy. Guidelines have been set out for how communication with external parties should take place, who is authorized to provide certain types of information and when a logbook should be kept. The ultimate aim of the aforementioned policies is to ensure compliance with disclosure requirements pertaining to legislation and listing agreements, and that investors receive the correct information in time.

#### **Internal auditing**

XVIVO Perfusion has so far not had reason to set up a special internal audit function in the financial area. This is because the company is relatively small in size and the constantly ongoing work on internal control has led to awareness of internal control in the Group being perceived as high and to a number of control activities being in place. The issue of a special internal audit function will be reviewed as the company grows.

# AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Xvivo Perfusion AB, corporate identity number 556561-0424

## **Engagement and responsibility**

It is the board of directors who is responsible for the corporate governance statement for the year 2020 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.

Göteborg 29 March 2021

KPMG AB

(Signature on the original document)

Daniel Haglund  
Authorized Public Accountant



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