

Corporate governance report

INTRODUCTION

Oncopeptides is a Swedish public limited liability company with its registered office in Stockholm, Sweden. The company's share has been listed on Nasdaq Stockholm since February 22, 2017, and is traded under the ticker symbol ONCO. In addition to the rules laid down by law or other regulations, the company applies the Swedish Corporate Governance Code (the "Code") with no exceptions. This report pertains to the 2017 financial year and has been reviewed by the company's auditors.

Oncopeptides' corporate governance

The purpose of Oncopeptides' corporate governance is to create a clear allocation of roles and responsibilities among the owners, the Board of Directors and management. Corporate governance, management and control of Oncopeptides are allocated among the general meeting, the Board of Directors, its elected committees and the CEO.

Examples of external regulations that affect corporate governance

- The Swedish Companies Act
- Regulatory framework for external statements
- Nasdaq Stockholm's Rule Book for Issuers
- Swedish Corporate Governance Code
- Other applicable regulations and recommendations

Examples of internal regulations that are significant to corporate governance

- Articles of Association
- Board of Directors' rules of procedure, including instructions to Board committees
- CEO instructions
- Guidelines for remuneration to members of senior management
- IT policy
- Financial manual
- Code of Conduct
- Information policy
- Insider policy

Shareholders and the share

Oncopeptides had 3,488 shareholders at year-end 2017. The total number of shares was 39,806,021. There was only one share class. Each share entitles the shareholder to one vote at the annual general meeting, and all shares carry equal rights to the Company's assets and earnings. At December 31, 2017, Stiftelsen Industriefonden and HealthCap VI LP were the single largest shareholders in Oncopeptides, with a total of 11,620,805 and 11,406,420 shares, respectively, corresponding to 29.2% and 28.7% of the votes and capital. No other than Stiftelsen Industriefonden and HealthCap VI LP has a direct or indirect shareholding that represents at least one tenth of the voting rights of all shares in the company. Further information about shareholders and the Oncopeptides share is available on pages 10-11 of the 2017 Annual Report.

The Articles of Association do not have any specific provisions regarding the appointment on dismissal of directors or about amending the Articles.

General meetings of shareholders

The company's highest decision-making body is the general meeting, where shareholders may exercise their right to decide on the company's affairs. The annual general meeting is to be held within six months of the end of the financial year. The annual general meeting resolves, for example, on the election of the Board of Directors and auditors, the principles for the appointment of the nomination com-

mittee, and discharge from liability for the Board of Directors and the CEO for the preceding year. Other issues to be resolved include the adoption of the annual report, the appropriation of profit or loss, directors' and auditors' fees, guidelines for remuneration to the CEO and members of senior management, and incentive programs for employees.

The Articles of Association state that the annual general meeting is to be held in Stockholm. To attend and vote at general meetings, either in person or through a proxy, shareholders must be registered in the share register maintained by Euroclear no later than five business days prior to the meeting and notify the company of their participation in accordance with the notice convening the meeting. Official notice of general meetings is to be made in the form of an announcement in Post- och Inrikes Tidningar and on the company's website (www.oncopeptides.se). Information regarding the notice will also be advertised in Dagens Industri.

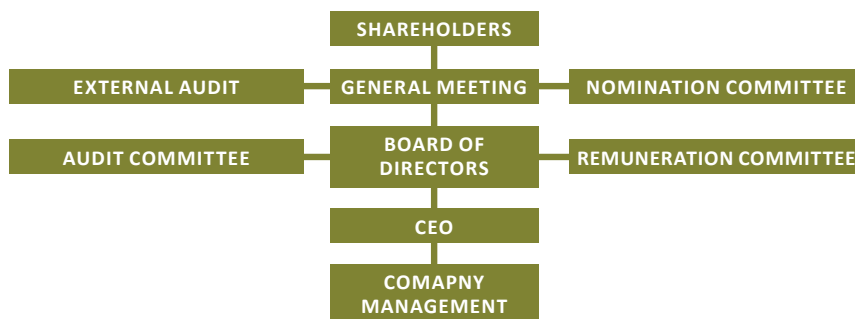
2017 annual general meeting (AGM)

The AGM for 2017 was held on May 18, 2017 in Stockholm. About 70 percent of the total votes were represented at the meeting. Attorney Mattias Dettterfelt was elected chairman of the meeting.

The AGM resolved the following:

- Alan Hulme was elected as Chairman of the Board, and Jonas Brambeck, Luigi Costa, Cecilia Daun Wennborg, Ulf Jungnelius, Per Samuelsson and Olof Tydén were re-elected as Board members.

CORPORATE GOVERNANCE STRUCTURE



- PricewaterhouseCoopers was re-elected as the Company's auditor, with Magnus Lagerberg as auditor in charge.
- Resolution on remuneration to the Chairman of the Board and Board members elected by the AGM, and the auditor.
- Resolution on guidelines for remuneration to members of senior management and auditors.
- Resolution on the implementation of two incentive programs for members of senior management and key personnel as well as certain Board members by way of directed issue of subscription warrants.
- Authorization of the Board on one or more occasions until 2018 AGM, with or without deviation from the shareholders' preferential rights, to approve the new issue of shares. The number shall not, collectively, exceed

3,980,000 shares, representing approximately 10 percent of the company's share capital.

- Adoption of the balance sheet and income statement.
- Resolution on discharge from liability for the Board of Directors and the CEO as regards the 2016 financial year.

The minutes and information from the 2017 AGM are available on oncopeptides.se.

Extraordinary general meeting 2017

The extraordinary general meeting held on February 6, 2017 resolved the following:

- Adoption of new Articles of Association, including an amendment to the limits on the number of Board members.
- Resolution on the number of Board members and election of a new Board member, Cecilia Daun Wennborg.

2018 AGM

The 2018 AGM will be held on Thursday May 17, 2018 at 3.00 p.m. at Tändsticks-palatset, Västra Trädgårdsgatan 15, Stockholm, Sweden. For further information and the right to participate, see page 70 of Oncopeptides' annual report or oncopeptides.se.

The minutes of the AGM will be available on www.oncopeptides.se.

Nomination committee

The nomination committee represents the company's shareholders and is charged with preparing the AGM's resolutions on election and remuneration matters. The nomination committee consists of four members, three of whom are to represent the three largest shareholders in the company on the last business day in September 2017, according to statistics from Euroclear Sweden AB. If any of the three largest shareholders chooses to waive their right to appoint a member of the nomination committee, this right passes to the shareholder with the largest shareholding after these shareholders. The fourth person is to be the Chairman of the Board of Directors. The composition of the nomination committee is to be publicly announced on the company's website no later than six months prior to the AGM.

The nomination committee observes the rules governing the independence of board members according to the Swedish Corporate Governance Code. The nomination committee held six meetings in 2017. No separate remuneration was paid

for participation in the nomination committee.

The nomination committee jointly represents approximately 65 percent of the number of shares and votes in the company based on shareholder information at the time of appointment.

BOARD OF DIRECTORS

Composition and independence

According to Oncopeptides' Articles of Association, the Board of Directors is to consist of no fewer than three and no more than eight members elected by the AGM for the term until the end of the next AGM. Seven Board members were elected at the 2017 AGM.

According to the Code, the majority of the Board members elected by the general meeting are to be independent of the company and its management. All Board members are considered independent in relation to the company and its management. Four of the Board members, together with the Chairman of the Board, are also considered independent in relation to major shareholders. Accordingly, Oncopeptides fulfils the Code's requirement with regard to independence.

Oncopeptides' Board of Directors comprised seven members at the end of the financial year: Chairman of the Board Alan Hulme, and Board members Jonas Brambeck, Luigi Costa, Cecilia Daun Wennborg, Ulf Jungnelius, Per Samuelsson and Olof Tydén. See pages 66-67 for additional information on the Board of Directors.

Nomination committee for the 2018 AGM

Representatives	Shareholders
Staffan Lindstrand, chairman	HealthCap VI L.P.
Nina Rawal	Stiftelsen Industrifonden
Max Mitteregger	GLADIATOR
Alan Hulme	Chairman of the Board i Oncopeptides AB

Responsibility and duties of the Board of Directors

After the general meeting, the Board of Directors is the company's highest decision-making body. The Board of Directors is responsible for the organization and management of the company's affairs, for example, by establishing targets and strategies, securing procedures and systems for monitoring of set targets, continuously assessing the company's financial position and evaluating the operational management.

Furthermore, the Board of Directors is responsible for ensuring that correct information is given to the company's stakeholders, that the company complies with laws and regulations and that the company prepares and implements internal policies and ethical guidelines. The Board of Directors also appoints the company's CEO and determines his or her salary and other remuneration on the basis of the guidelines adopted by the general meeting.

The Board of Directors adheres to written rules of procedure which are reviewed annually and adopted at the inaugural Board meeting. The rules of procedure govern, among other things, the practices and tasks of the Board of Directors, decision-making within the company, the Board's meeting agenda, the Chairman's duties and the allocation of responsibilities between the Board of Directors and the CEO. Instructions for financial reporting and instructions for the CEO

are also determined in connection with the inaugural Board meeting.

The Board of Directors' work is also carried out based on an yearly meeting schedule which fulfils the Board's need for information. In addition to Board meetings, the Chairman and the CEO maintain an ongoing dialogue regarding the management of the Company.

The Board of Directors meets according to a predetermined annual schedule and at least five ordinary Board meetings are to be held between each AGM. In addition to these meetings, extra meetings can be arranged to address matters which cannot be deferred to any of the scheduled meetings.

In 2017, an anonymous survey-based evaluation was performed, through which all the Board members received the opportunity to express themselves about the work of the Board of the company. This information has been collected and compiled in a report prepared by the solicitor firm, Setterwalls, as an independent part. The results will be taken into consideration for the Board's work in 2018. The nomination committee, through the Chairman of the Board, has received the evaluation report.

Board of Directors' work and significant events in 2017

The Board met on 19 occasions during the year. Three meetings were held by telephone, six per capsulam and two was inaugural meetings.

The Board has primarily considered and made decisions on matters relating to the company's strategic focus, Ygalo's project development, external reporting, budget and budget follow-up. The Board was active in preparations and decisions ahead of the listing of the company's share on Nasdaq Stockholm in February 2017.

The Board has planned a total of eight meetings for 2018 in addition to the inaugural meeting.

Board committees

The Board of Directors has set up two committees, the audit committee and the remuneration committee, which both work according to procedures established by the Board.

Audit committee

The audit committee's role is primarily to monitor the company's financial position, and the effectiveness of the company's internal control and risk management. The committee is to remain informed about the audit of the annual report and consolidated financial statements, and to review and monitor the auditor's impartiality and independence. The audit committee also assists the nomination committee in preparing proposals for resolution on the election and remuneration of the auditors. The audit committee has consisted of the following members since the AGM on May 18, 2017:

- Cecilia Daun Wennborg (chairperson)
- Jonas Brambeck
- Per Samuelsson

The audit committee met four times in 2017. Oncopeptides' auditors participated in three of the meetings, at which the topics discussed included the auditors' planning of the audit, observations and examination of the company and its financial statements.

Remuneration committee

The remuneration committee's role is primarily to prepare matters for recommendation to the Board regarding remuneration and other terms of employment for the CEO and CFO and to review with CEO his plans for remuneration for other members of senior management. The remuneration committee also formulates the CEO's bonus plan and monitors ongoing and completed programs for variable remuneration to the Company's management, and monitors and evaluates the implementation of the guidelines for remuneration to members of senior management adopted by the AGM. The audit committee has consisted of the following members since the AGM on May 18, 2017:

- Alan Hulme (chairman)
- Jonas Brambeck
- Per Samuelsson

The remuneration committee met ten times in 2017. At these meetings, the committee discussed the company's existing remuneration systems and proposed guidelines for the remuneration of the CEO and members of senior management as well as the aims, terms and conditions of the incentive programs adopted by the AGM on May 18, 2017.

CEO AND OTHER MEMBERS OF SENIOR MANAGEMENT

The role of the CEO is subordinate to the Board of Directors. The CEO's main task is to carry out the company's ongoing management and the daily activities of the company. The rules of procedure for the Board of Directors and the instructions for the CEO stipulate which matters the Board is to resolve upon, and which matters fall within the CEO's area of responsibility. Furthermore, the CEO is responsible for preparing reports and necessary information for decision-making

prior to Board meetings and presents the material at Board meetings.

Oncopeptides' senior management consists of nine people. In addition to the CEO, senior management comprises the company's Chief Financial Officer, Head of Regulatory Affairs, VP Head of Clinical Development, Head of Chemistry Manufacturing & Control, Chief Medical Officer, Chief Commercial Officer, Head of Investor Relations and Head of Medical Relations.

For information on senior management, see pages 68-69 or the company website, www.oncopeptides.se.

REMUNERATION TO THE BOARD OF DIRECTORS AND MEMBERS OF SENIOR MANAGEMENT

Remuneration to Board members

At the AGM held on May 18, 2017, it was resolved that fees of SEK 400,000 were to be paid to the Chairman and that fees of SEK 200,000 were to be paid to each of the other Board members, for the period through the end of the 2018 AGM. As remuneration for committee work, it was resolved that the chairman of the audit committee would receive SEK 75,000

while the other members of the audit committee would receive SEK 37,500 each. It was furthermore resolved that the chairman of the remuneration committee would receive SEK 50,000 while the other members of the remuneration committee would receive SEK 25,000 each.

The fees paid in 2017 to Board members elected by the AGM are shown in the table below.

Remuneration to members of senior management

Issues pertaining to remuneration to members of senior management are addressed by the Board's remuneration committee. The Board decides on the CEO's remuneration based on the proposal presented by the remuneration committee. Remuneration and terms for members of senior management are to be based on market conditions and consist of a balanced mix of fixed salary, variable remuneration, pension benefits and terms upon termination. For the 2017 financial year, the CEO and other members of senior management received salary and other remuneration as set out in Note 8 in the annual report.

Guidelines for remuneration to members of senior management

Guidelines were adopted at the 2017 AGM valid for the period up to the closing of the 2018 AGM. The main points were as follows.

Oncopeptides' starting point is that salary and other terms and conditions

Reporting period 1 January – 31 December 2017

Board member	Function	Independent in relation to		Remuneration, SEK 000 ³⁾				Attendance ¹⁾		
		The Company and its management	Major share-holders	Directors' fee	Audit committee	Remuneration committee	Total	Board of Directors ²⁾	Audit committee	Remuneration committee
Alan Hulme	Chairman	Yes	Yes	400	–	50	450	13/13	–	10/10
Jonas Brambeck	Board member	Yes	No	200	37.5	25	262.5	13/13	4/4	10/10
Johan Christenson ⁴⁾	Board member	Yes	No	–	–	–	–	7/13	2/4	–
Cecilia Daun Wennborg ⁵⁾	Board member	Yes	Yes	200	75	–	275	8/13	3/4 ⁶⁾	–
Luigi Costa	Board member	Yes	Yes	200	–	–	200	10/13	2/4 ⁷⁾	–
Olof Tydén	Board member	Yes	Yes	200	–	–	200	12/13	–	–
Per Samuelsson	Board member	Yes	No	200	37.5	25	262.5	12/13	2/4 ⁸⁾	10/10
Ulf Jungnelius	Board member	Yes	Yes	200	–	–	200	12/13	–	–
Total				1 600	150	100	1 850			

1) Figures in table show the total number of meetings attended/meetings

2) Excluding per capsulam meetings

3) Fee set by the AGM, excluding social security contributions for the May 2017 to May 2018 financial year

4) Board member until the AGM on May 18, 2017, when re-election was declined

5) Elected to the Board at the extra ordinary general meeting on February 6, 2017

6) Elected to the audit committee at the board meeting on March 14, 2017

7) Member of the audit committee until the AGM on May 18, 2017

8) Elected to the audit committee at the AGM on May 18, 2017

should always enable Oncopeptides to attract and retain qualified members of senior management at a reasonable cost for the company. The remuneration to members of senior management is to be decided in accordance with Oncopeptides' remuneration policy.

Remuneration to members of senior management consists of a fixed salary, variable remuneration, pension and other benefits. To avoid unnecessary risks being taken by members of Oncopeptides' senior management, there should be a fundamental balance between fixed and variable remuneration. Furthermore, Oncopeptides' AGM may, if so ordered, offer long-term incentive programs, such as share or share price-related incentive programs.

Each member of senior management is to be offered a market-level fixed salary based on the degree of difficulty of the work and the individual's responsibilities, experience and performance. In addition, each member of senior management may, from time to time, be offered variable remuneration (bonus) to be paid in cash. Variable remuneration is to be based on clear predetermined and measurable performance criteria and financial results as well as predetermined individual objectives and business objectives, and is to be designed to promote Oncopeptides' long-term value creation. Members of senior management are to be offered pension terms that are in accordance with market practice in the country where the individuals habitually reside. Non-monetary

benefits are to facilitate the work of members of senior management and are to correspond to what is considered reasonable in relation to market practice.

The fixed salary during the notice period, together with severance pay, may not exceed 24 months' fixed salary.

The Board of Directors is entitled to deviate from the guidelines in individual cases should there be special reasons for doing so. Before every AGM, the Board of Directors is to consider whether or not additional share or share price-related incentive programs should be proposed to the general meeting.

It is the general meeting that resolves upon such incentive programs. Incentive programs are to promote long-term value growth and align the interests of participating members of senior management with those of the shareholders.

New share issues and transfers of securities resolved upon by the general meeting in accordance with the rules of Chapter 16 of the Swedish Companies Act are not covered by the guidelines insofar as the AGM has taken, or will take, such decisions.

SHARE-RELATED INCENTIVE PROGRAMS

Oncopeptides has five active programs which apply to the company's management, certain Board members, founders and staff. Two incentive programs were established in 2013: the "Founder Option Program" and the "Employee Option Program 2012/2019". The "Option Program

2016/2023" was established in 2016. Two additional incentive programs were adopted at the AGM in May 2017: "Co-worker LTIP 2017" and "Board LTIP 2017". A brief description of the programs follows below. See Note 21 in the annual report for additional information on the incentive programs.

Founder Option Program

This program, which is for the company's founders, was adopted at the 2013 AGM. In total, 114 options were allocated free of charge to participants in the program. The options were vested immediately. Each option entitles the holder to acquire 900 new ordinary shares in the company (after recalculation as a result of the 1:900 share split decided on at the extraordinary general meeting held on October 26, 2016). The options may be exercised through November 2, 2019.

Employee Option Program 2012/2019

The 2013 AGM resolved to establish an employee option program referred to as the "Employee Option Program 2012/2019". In total, 1,505 options were allocated free of charge to participants in the program. The program has a four-year vesting period.

Each vested option entitles the holder to acquire 900 new ordinary shares in the company (after recalculation as a result of the 1:900 share split decided on at the extraordinary general meeting held on October 26, 2016). All of the options allo-

cated have been fully vested and may be exercised through November 2, 2019. The options are subject to customary recalculation conditions in connection with share issues, etc.

Employee Option Program 2016/2023

At the Board meeting held on November 22, 2016, it was resolved, with the support of the general meeting's prior authorization, to establish an employee option program referred to as the "Employee Option Program 2016/2023".

In total, 307 options were allocated free of charge to participants in the program. Allocated employee options are vested gradually over a four-year period (aside from 60 options in the series that vest and are allocated over a period of 12 months). Continued vesting requires that the holder is employed by the company and that the employment is not terminated as per the day of vesting of each employee option. In the event that the participant ceases to be an employee or terminates his or her employment with the company prior to a vesting date, employee options already vested and allocated can be exercised on the ordinary date for exercise according to that stated below, but no further vesting will occur. Each option entitles the holder to acquire 900 new ordinary shares in the company (after recalculation as a result of the 1:900 share split decided on at the extraordinary general meeting held on October 26, 2016). The options may be exercised through

November 30, 2023. The options are subject to customary recalculation conditions in connection with share issues, etc.

Co-worker LTIP 2017

This is a long-term incentive program for certain members of senior management and other key personnel (including employees and consultants). Participants in this program will be allocated options free of charge, which will entitle the holder to acquire a maximum of 1,618,939 shares in Oncopeptides after a three-year vesting period. The Board of Directors will decide on the allocation of options on an annual basis. As of December 31, 2017, 863,000 options had been allocated. Each option entitles the holder to acquire one share in the company at a predetermined price. The price per share is to be equivalent to the volume-weighted average price of Oncopeptides' share during the five trading days preceding the allocation date. The options have a term of seven years from the allocation date.

Board LTIP 2017

This is a performance-based long-term incentive program for certain Oncopeptides Board members. Participants in this program will be allocated performance-based options free of charge, which will entitle the holder to acquire a maximum of 34,800 shares in Oncopeptides. The share rights are subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the date of the 2017 AGM through May 31, 2020. The share price's performance will be measured as the volume-weighted average price of the company's share 90 trading days immediately after the AGM and 90 trading days immediately before May 31, 2020. If Oncopeptides' share price has then increased by over 60 percent, 100 percent of the share rights will be vested, and if the share price has increased by 20 percent, 33 percent of the share rights will be vested. In the event of an increase in the share price by an amount between 20

and 60 percent, the share rights will vest in a linear fashion. If the share price increases by less than 20 percent there will be no vesting. Any shares are to be allocated on June 1, 2020.

To ensure the delivery of shares to participants in the company's incentive programs as well as to cover social security contributions when options, share rights and employee options are exercised, the parent company has issued warrants to its subsidiary Oncopeptides Incentive AB, which entitle holders to subscribe for a total of 4,459,888 shares in the parent company. See the table below regarding allocation in each program as of December 31, 2017.

The full exercise of allocated options and share rights as of December 31, 2017, corresponding to 2,631,200 shares, would result in a dilution for shareholders of 6.20 percent. The full exercise of issued warrants corresponding to a total of 4,459,888 shares (including unallocated employee options and social security contributions) would result in a dilution for shareholders of 10.0 percent.

EXTERNAL AUDITOR

Oncopeptides' auditor is the accounting firm PricewaterhouseCoopers AB (PwC), with authorized public accountant Magnus Lagerberg as auditor in charge. PwC was re-elected as Oncopeptides' auditor at the 2017 AGM, for a term until the end of the 2018 AGM. PwC has been the company's auditor since the 2016 AGM.

The auditor performs a review engagement of the quarterly report for the third quarter, and audits the annual and consolidated financial statements. The auditor also comments on whether this corporate governance report has been prepared and whether certain information herein is consistent with the annual and consolidated financial statements. The auditor reports on the results of its audit of the annual and consolidated financial statements and review of the corporate governance report via the auditor's report as well as a separate opinion on the compliance with guidelines for remuneration to members of senior management, which they submit to the AGM. In addition, the auditor issues detailed statements on the audits performed to the audit committee two times per year as well as to the Board in its entirety once per year. The fees invoiced by the auditor in the last three financial years are disclosed in Note 6 of the 2017 Annual Report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors' responsibility for internal control is governed by the Swedish Companies Act and the Swedish Corporate Governance Code. Internal control primarily consists of the following five components: control environment, risk assessment, control activities, information and communication, and follow-up.

Number of shares to which allocated employee options may entitle the holder

Employee Option Program 2012/2019	1,354,500
Founder Option Program	102,600
Employee Option Program 2016/2023	276,300
Co-worker LTIP 2017	863,000

Total number of shares to which allocated employee options may entitle the holder 2,596,400

Number of share rights allocated to the Board under Board LTIP 2017	34,800
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Total number of shares to which allocated employee options and share rights may entitle the holder 2,631,200

Among other tasks, the Board is responsible for ensuring that Oncopeptides has sufficient internal control and formalized procedures to ensure that established principles for financial reporting and internal control are adhered to and that there are appropriate systems in place to monitor and control the company's operations and the risks associated with the company and its operations.

The overall purpose of the internal control is to ensure that the company's operating strategies and targets are monitored and that the owners' investments are protected, to a reasonable degree. Furthermore, the internal control is to ensure, with reasonable certainty, that the external financial reporting is reliable and prepared in accordance with generally accepted accounting principles, that applicable laws and regulations are followed, and that the requirements imposed on listed companies are complied with.

In addition to the abovementioned internal control, there is also an internal, business-specific control of data as regards research and development as well as quality control including systematic monitoring and evaluation of the company's development and manufacturing operations and the company's products.

Control environment

In order to create and maintain a functioning control environment, the Board has adopted a number of policies and steering documents governing financial reporting. These documents primarily

comprise the rules of procedure for the Board of Directors, instructions for the CEO and instructions for financial reporting. The Board has also adopted special authorization procedures and a financial policy. The company also has a financial manual which contains principles, guidelines and process descriptions for accounting and financial reporting.

Furthermore, the Board of Directors has established an audit committee whose main task is to monitor the company's financial position and the effectiveness of the company's internal control and risk management, to remain informed about the audit of the annual report and consolidated financial statements, and to review and monitor the auditor's impartiality and independence. Responsibility for the ongoing work of the internal control over financial reporting has been delegated to the company's CEO. The CEO regularly reports to the Board of Directors in accordance with the established instructions for the CEO and the instructions for financial reporting. The Board also receives reports from the company's auditor.

Risk assessment

Risk assessment includes identifying risks that may arise if the basic requirements for the financial reporting of the company are not met. Oncopeptides' management team has, in a specific risk assessment document, identified and evaluated the risks that arise in the company's operations, and has assessed how these risks can be managed. Within the Board of

Directors, the audit committee is primarily responsible for continuously assessing the company's risk situation, after which the Board also conducts an annual review of the risk situation.

Control activities

Control activities limit identified risks and ensure accurate and reliable financial reporting. The Board of Directors is responsible for the internal control and monitoring of the company's management. This is done through both internal and external control activities, and through examination and monitoring of the company's steering documents related to risk management. The effectiveness of the control activities is assessed annually and the results from these assessments are reported to the Board of Directors and the audit committee. In agreements with sub-suppliers, the company has secured the right to audit each respective sub-supplier's fulfilment of relevant services, including quality aspects.

INFORMATION AND COMMUNICATION

The company has information and communication channels to promote the accuracy of the financial reporting and to facilitate reporting and feedback from the operations to the Board and senior management, for example, by making corporate governance documents, such as internal policies, guidelines and instructions regarding the financial reporting, available to the co-workers concerned and

ensuring the co-workers are familiar with them. The Board of Directors has also adopted an information policy governing Oncopeptides' disclosure of information.

MONITORING, EVALUATION AND REPORTING

The compliance and effectiveness of the internal controls are constantly monitored. The CEO ensures that the Board of Directors continuously receives reports on the development of the company's activities, including the development of the company's earnings and financial position, as well as information on important events, such as research results and important contracts. The CEO also reports on these matters at each Board meeting. The company's compliance with all relevant policies and guidelines is assessed annually. The results from these assessments are compiled by the company's CFO and then reported to the Board of Directors and the audit committee.

EXTERNAL AUDIT

The company's auditor is appointed by the AGM for the period until the end of the next AGM. The auditor examines the annual report and accounts as well as the Board of Directors' and the CEO's fulfilment of their fiduciary duties and responsibilities. Following each financial year, the auditor submits an auditor's report to the general meeting. Each year, the company's auditor reports his observations from the audit and his assessment of the company's internal control to the Board of Directors.