

Form for
“Statutory report on foundation governance, cf. section 77a of the Danish
Financial Statements Act”

BiInnovation Institute Fonden

Statutory report on foundation governance, cf. section 77a of the Financial Statements Act

Note!

The report is an integrated part of the management commentary in the annual report of the foundation for the following accounting period:

1 January 2023 to 31 December 2023

Recommendations on Foundation Governance

The foundation is covered by the Recommendations on Foundation Governance, which are available on the website of the Committee on Foundation Governance www.godfondsledelse.dk.

Recommendation	The foundation <u>complies</u>	The foundation <u>explains</u> ¹		Not applicable
		<i>why</i>	<i>how</i>	
1. Transparency and communication				
1.1 It is recommended that the board of directors adopt principles for external communication that address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.	<p>The foundation complies.</p> <p>The board of directors has decided who may and should make public statements on behalf of the foundation.</p> <p>All communication with the general public is undertaken by the chair, the deputy chair or by another board member following authorisation from the board.</p>			

¹ In case of lack of compliance with a recommendation, the foundation must explain *why* this recommendation was not followed and *how* the foundation has acted differently. An adequate explanation answers both questions and categorises the answer as being in compliance with the recommendation. It is therefore important that the foundation answer both questions in its explanation.

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		<i>why</i>	<i>how</i>	
	The chairmanship has authorised the executive management to communicate with the general public in respect of the foundation's commercial activities or the BioInnovation Institute's activities.			
2. Tasks and responsibilities of the board of directors				
2.1 Overall tasks and responsibilities				
2.1.1 It is recommended that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, the board of directors should, at least once a year, take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.	The foundation complies. At least once a year, the board reviews and agrees on the foundation's overall strategy and distribution policy.			
2.1.2 It is recommended that the board of directors regularly address whether the foundation's asset management is in line with the purpose of the foundation and its long- and short-term needs.	The foundation complies. At least once a year, the board reviews and considers whether the foundation's asset management is in line with the purpose of the			

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	foundation and its long- and short-term needs.			
2.2 Chairman and vice-chairman of the board of directors				
2.2.1 It is recommended that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members, individually and collectively.	The foundation complies. The chair organises, convenes and chairs the meetings of the board of directors.			
2.2.2 It is recommended that if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special activities for the commercial foundation which extend beyond the duties of chairman, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, general management and control function. Appropriate allocation of responsibilities should be ensured between the chairman, the vice-chairman, the other members of the board of directors and the executive board, if any.	The foundation complies. The board of directors discusses and approves any special activities asked of the chair, which extend beyond the duties of the chair, to ensure that the board maintains its independent, general management and control function.			

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2.3 Composition and organisation of the board of directors				
<p>2.3.1 It is recommended that the board of directors regularly, and at least every second year, assess and stipulate the competences that the board of directors needs to possess in order to best perform the tasks incumbent upon the board of directors.</p>	<p>The foundation complies.</p> <p>The board members are selected based on their personal qualifications and competences while considering the overall competences of the board.</p> <p>Each year, the board assesses and determines which competences the board requires in order to duly cover the value chain from early research through innovation and venture investment to a potential exit.</p>			
<p>2.3.2 It is recommended that, with due respect of any right in the articles of association to make appointments, the board of directors approves a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.</p>	<p>The foundation complies.</p> <p>The Novo Nordisk Foundation appoints 3-6 members to the board. The board appoints an additional 1-3 members. The Novo Nordisk Foundation may nominate</p>			

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		<i>why</i>	<i>how</i>	
	one or more candidates for the position as chair and deputy chair.			
<p>2.3.3 It is recommended that members of the board of directors are appointed on the basis of their personal qualities and competences, taking into account the collective competences of the board, and when composing and nominating new members of the board the need for introducing new talent is weighed against the need for continuity and the need for diversity in relation to commercial and grants experience, age and gender.</p>	<p>The foundation complies.</p> <p>Members are selected based on their personal qualifications and competences while considering the overall competences of the board. Further, the foundation’s heritage from and the values of the Novo Nordisk Foundation are to be taken into account.</p>			
<p>2.3.4 It is recommended that in the management commentary in the annual report and on the commercial foundation's website, if any, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member:</p> <ul style="list-style-type: none"> • the name and position of the member, • the age and gender of the member, 	<p>The foundation complies.</p> <p>Account of the composition of the board of directors including information on name, position, age, gender, date of appointment, re-elections, expiry of the current election period, other managerial positions, special competences, whether the board member holds shares, options, warrants or the like in subsidiaries and</p>			

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<ul style="list-style-type: none"> • date of original appointment to the board whether the member has been re-elected, and expiry of the current election period, • any special competences possessed by the member, • other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks, • whether the member owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies, • whether the member has been appointed by authorities/providers of grants etc., and • whether the member is considered independent. 	<p>independence is included in the annual report and available on the foundation's website.</p>			

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<p>2.3.5 It is recommended that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.</p>		<p>Most of the foundation's commercial activities are conducted through the subsidiary. Thus, it is of considerable importance to the board that the foundation's board of directors has a thorough knowledge of and impact on the activities of the subsidiary.</p>	<p>The members of the board of directors of the foundation are also members of the board of directors of the foundation's wholly owned subsidiary. The board considers the composition and organisation appropriate in order to ensure an effective and professional management of the subsidiary.</p>	
2.4 Independence				
<p>2.4.1 It is recommended that an appropriate proportion of the board of directors be independent.</p>	The foundation complies.			

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		<i>why</i>	<i>how</i>	
<p>If the board of directors (excluding employee representatives) is composed of</p> <ul style="list-style-type: none"> • up to four members, at least one member should be independent, • between five and eight members, at least two members should be independent, or • nine to eleven members, at least three members should be independent, and so on. <p>To be considered independent, this person may not, for example:</p> <ul style="list-style-type: none"> • be or within the past three years have been member of the executive board, or senior employee in the foundation, or an essential subsidiary or associated company to the foundation, • within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other 	<p>Ultimo March 2023, four out of six members of the board are considered to be independent.</p> <p>Marianne Philip is considered non-independent due to her position as vice chair until 31 March 2023 in the Novo Nordisk Foundation which has supported the BioInnovation Institute Foundation. In this context, Marianne Philip will be considered independent three years after she resigned as vice chair in the Novo Nordisk Foundation.</p> <p>Mads Krogsgaard Thomsen is considered non-independent due to his position as chief executive officer of the Novo Nordisk Foundation.</p> <p>Until 21 March 2023, seven out of nine members of the board were considered independent.</p>			

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<p>capacity than as member of the board of directors or executive board of the foundation,</p> <ul style="list-style-type: none"> • within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company to the foundation, • be or within the past three years have been employed or partner at the external auditor, • have been a member of the board of directors or executive board of the foundation for more than 12 years, • be a close relative of, or in some other way be especially close to, persons who are not considered independent, • be the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or 	<p>Marianne Philip cf. above.</p> <p>Birgitte Nauntofte was considered non-independent due to her previous position as chief executive officer of the Novo Nordisk Foundation.</p>			

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<ul style="list-style-type: none"> be a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years has received significant donations from the foundation. 				
2.5 Appointment period				
<p>2.5.1 It is recommended that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.</p>		<p>It is important to the board to ensure flexibility in the board composition with a view to attract new talent and the representation of the relevant competences at all times.</p>	<p>The members of the board of directors of the foundation are elected for a period of one year.</p> <p>It is not the intention that all board members are replaced annually.</p>	
<p>2.5.2 It is recommended that an age limit for members of the board of directors be set, which is published in the management commentary or on the foundation's website.</p>	<p>The foundation complies.</p> <p>Retiring members are eligible for re-election until the age of 75.</p>			

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2.6 Evaluation of the performance of the board of directors and executive board				
2.6.1 It is recommended that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually, and the result is discussed by the board of directors.	The foundation complies. At least once a year the board carries out an evaluation of the board, the Chair and the contributions and performance of individual members and discuss the results thereof.			
2.6.2 It is recommended that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.	The foundation complies. At least once a year the board carries out an evaluation of the executive management and the contributions and performance of individual members and discuss the results thereof.			
3. Remuneration of management				
3.1.1 It is recommended that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of an executive board, if any, be remunerated with a fixed remuneration, possibly combined with a bonus which	The foundation complies. The members of the board receive an annual fee fixed in connection with the adoption of the annual report.			

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should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.	The executive management receives a fixed remuneration combined with a bonus that is not dependent upon accounting results.			
3.1.2 It is recommended that the financial statements provide information about the full remuneration received by each member of the board of directors and any executive board from the commercial foundation and from the foundation's subsidiaries and associated companies. Furthermore there should be information on any other remuneration which members of the board of directors and any executive board have received for performing other work or tasks for the foundation, the foundation's subsidiaries or associated companies, except for the remuneration of employee representatives as employees.	The foundation complies. Individualised information on the total remuneration received by each of the members of the board and executive management from the foundation, its subsidiaries and associated companies is included in the annual report.			