

Corporate Governance Statement For Nanoform Finland Plc 2020

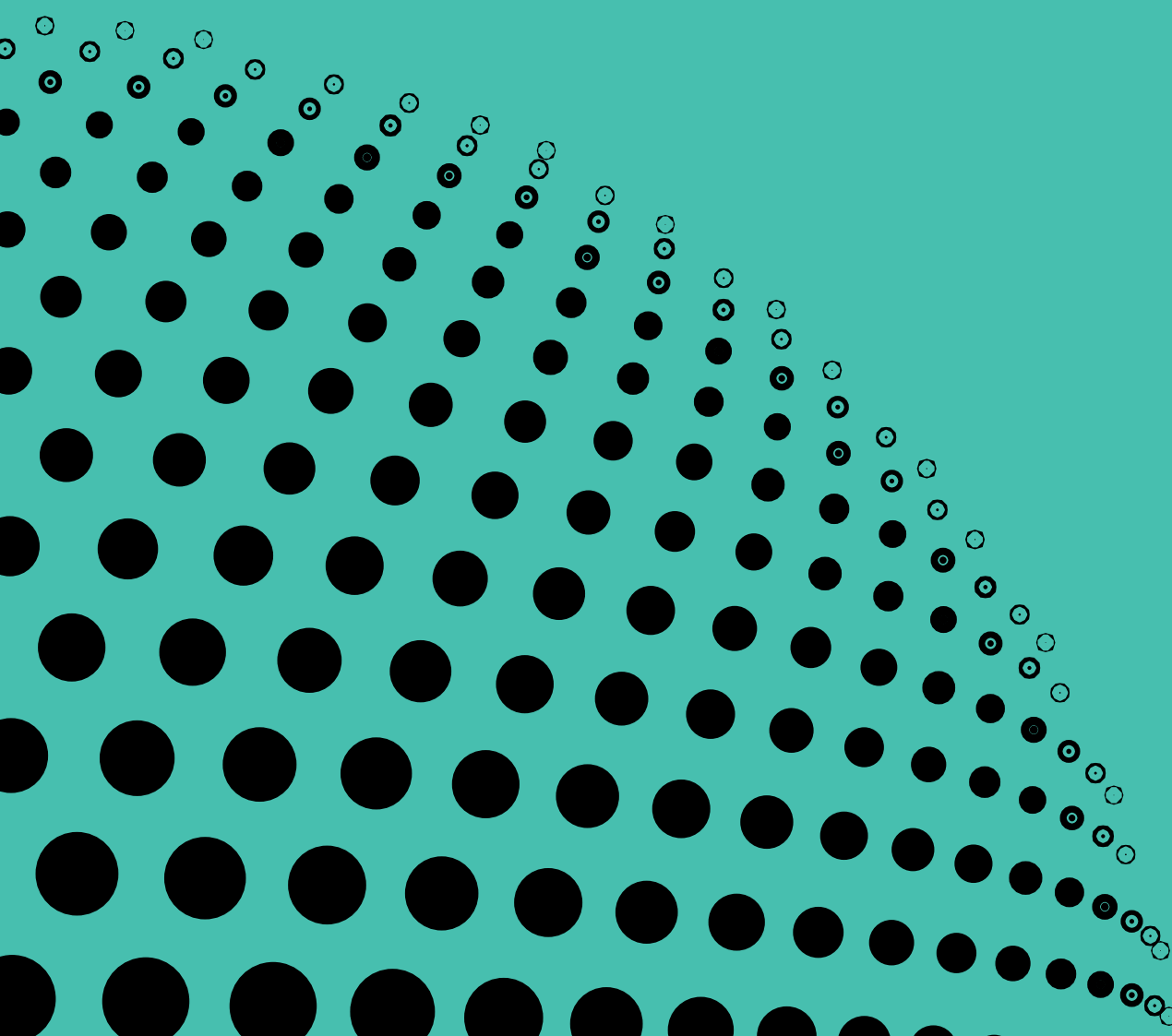


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Corporate Governance Statement

1. Introduction

1.1 Nanoform's general governance principles

Nanoform Finland Plc ("Nanoform" or the "Company") observes good corporate governance practices in accordance with the laws and regulations applicable to Finnish public companies, the Company's own Articles of Association, and, with a few exceptions detailed in this statement, the Finnish 2020 Corporate Governance Code (the "Code" or "CG Code"). The Code can be found at cgfinland.fi/en/.

The Company observed the Corporate Governance Code without any departures from its recommendations, other than those detailed in the statement, during the financial year 2020.

The board of Nanoform has approved this Corporate Governance Statement in its meeting on 25th February, 2021.

PricewaterhouseCoopers Oy, Audit Firm, the company's auditor, has verified that the statement has been issued and that the general description of internal audit and risk management systems associated with the financial reporting process conforms to the same in the financial statements.

Nanoform also complies with the rules of Nasdaq First North Premier Growth Market Finland (the "First North Premier Finland"), maintained by Nasdaq Helsinki Ltd, and with Nasdaq First North Premier Growth Market Sweden (the "First North Premier Sweden"), and the rules and regulations of the Finnish Financial Supervisory Authority.

This Corporate Governance Statement shall be read together with Nanoforms Annual Report 2020.

1.2 Departures from the CG Code in 2020

Up until 1 September 2020, when Ms. Cynthia Schwalm was elected as a member of the Board of Directors and the Audit and Compensation Committee, the Company deviated from the following recommendations of the Code:

Recommendation 8 of the Code regarding the composition of the Board of Directors as both genders were not represented in the Board of Directors.

Recommendation 15 of the Code regarding the appointment of members to a committee. The Company's Board of Directors has established an Audit and Compensation Committee. The Audit and Compensation Committee had only two members, Miguel Calado, the Chairman, and Mads Laustsen, a member. Both Miguel Calado and Mads Laustsen were independent from both the Company and significant shareholders. The description of the rationale for recommendation 15 provides that if a company's board of directors has only few members, a committee may consist of only two members.

1.3 Governing Bodies

The control and management of Nanoform is split between the Annual General Meeting of Shareholders (AGM), the Board of Directors, and the Managing Director (the "CEO"). Ultimate decision-making authority lies with shareholders at the AGM which appoints the members of the Board of Directors and the Auditor. The Board of Directors is responsible for the Company's strategy and overseeing and monitoring the Company's business. The Board of Directors appoints the CEO. The CEO, assisted by the Management Team, is responsible for managing the Company's business and implementing its strategic and operational targets.

2. Descriptions concerning Corporate Governance

2.1 Composition and operations of the Board of Directors

Composition of the Board of Directors:

Miguel Calado, Chairman of the Board since April 2020, member of the Board of Directors since 2019, born 1955. Independent of the Company and its significant shareholders.

Education: Bachelor of Business Administration degree in Accounting from the Catholic University of Brazil. Owner/President Management program in General Management at Harvard Business School.

Holdings in the Company: 0 shares and 250,000 stock options, entitling to an equal amount of shares in the Company.

Rabbe Klemets, Chairman of the Board until April 2020 and member of the board since 2015 and until April 2020, born 1953. Independent of the Company.

Education: Ph.L. Åbo Akademi University.

Holdings in the Company: 473,400 shares and 150,000 stock options, entitling to an equal amount of shares in the Company.

Mads Laustsen, Vice Chairman of the Board since 2020, member of the Board of Directors since 2019, born 1957. Independent of the Company and its significant shareholders.

Education: Bachelor of Science degree in biochemical engineering from the Danish Technical University.

Holdings in the Company: 0 shares and 200,000 stock options, entitling to an equal amount of shares in the Company.

Albert Hæggström, Member of the Board of Directors since 2015, born 1971. Not independent of the Company nor its significant shareholders.

Education: Bachelor of Science degree in economics from Hanken School of Economics in Helsinki.

Holdings in the Company: 692,000 shares and 200,000 stock options, entitling to an equal amount of shares in the Company.

Cynthia Schwalm, Board Member since September 2020, born 1960. Independent of the Company and its significant shareholders.

Education: B.S. degree in nursing from the University of Delaware and an Executive Master of Business Administration from the Wharton School of Business from the University of Pennsylvania in Philadelphia, PA.

Holdings in the Company: 0 shares and 59,726 stock options, entitling to an equal amount of shares in the Company.

Board members are elected by the General Meeting for the period until the end of the next Annual General Meeting.

Pursuant to the company's Articles of Association, the Board consists of at least three members and no more than six members. As required by the Finnish Corporate Governance Code, the majority of the directors shall be independent of the Company and at least two directors shall also be independent of the Company and of the significant shareholders of the Company. The Company fulfils the independence requirements of the Board of Directors set out by the Finnish Corporate Governance Code.

Diversity supports the overall goal that the Board of Directors has optimal competence profile to support the Company's existing and future business and is conceived as an integral part and a success factor enabling the achievement of the Company's strategic and operational goals. Important factors for the Company are the mutually complementary expertise of the members, their education and experience in different professional areas and industrial sectors, businesses in various stages of development, leadership experience, and personal capabilities.

Nanoform's objective is to achieve representation of both genders in the Board of Directors. As means to achieve the aforesaid objective, the Board of Directors seeks to include representatives of both genders in the director candidates search and evaluation process. The extraordinary general meeting of the Company's shareholders elected Ms. Cynthia Schwalm as a member of the Board of Directors on September 1, 2020.

The Board of Directors consists of four ordinary members, including the Chair of the Board of Directors, all of whom are elected for the period up until the end of the Annual General Meeting 2021.

The Board of Directors has adopted a Charter governing its work, the main contents of which is:

The Board of Directors adheres to its Charter that is assessed and if necessary, updated annually. The rules of procedure govern, among other things, the composition and remuneration of the Board of Directors, duties of the Board of Directors and its members, the convening and protocol of the Board meetings, and the committees and working groups of the Board of Directors.

In addition to the statutory duties, the Board of Directors discusses matters that are significant to and which have a long-term impact on the extent and quality of the operations of the Company and the Nanoform group such as long-term vision and strategic goals, assessment of the Company's and CEO's performance, legal and regulatory compliance and budgets, strategically and financially important investments and other significant transactions.

The Board of Director meets in accordance with an annual schedule and no less than six board meetings shall be held each year. In addition, additional board meetings can be convened as necessary and the Board may decide on matters without convening an actual meeting as well. In addition to the Board meetings, the Chair of the Board and the CEO have a continuous dialogue regarding the management of the company.

The Annual General Meeting April 7, 2020 elected Miguel Calado (Chairman), Albert Haeggström (member) and Mads Laustsen (Vice Chairman) to the Board of Directors. The extraordinary general meeting held on September 1, 2020 re-elected the aforementioned Board members and elected Cynthia Schwalm as a new member of the Board of Directors.

During the financial year 2020, the Board of Directors has convened to 25 meetings.

2.2 Composition and operation of the committees of the Board of Directors

Currently, one permanent committee, the Audit and Compensation Committee, has been established to assist the Board of Directors. The Board of Directors has adopted a charter for the Committee and elects the Committee members as well as appoints the Chair of the Committee. The main content of the Committee charter is as follows:

The Audit and Compensation Committee assists the Board of Directors by concentrating on issues relating to financial reporting and control, as well as the remuneration of the Board of Directors, the CEO and the management. The duties of the Audit and Compensation Committee are, among others, to monitor the Company's financial reporting, monitor the Company's internal controls, internal auditing and risk management, keep informed of the auditing of the financial statements, and review and monitor the impartiality and independence of the auditor as well as prepare proposals for the remuneration of the members of the Board of Directors, prepare proposals for the overall compensation and objectives of the CEO and review and prepare matters related to the Company's overall compensation and incentive structure.

Nanoform's Audit and Compensation Committee is comprised of three members, Miguel Calado, the Chairman, as well as Mads Laustsen and Cynthia Schwalm, both members. All three members are independent from both the Company and its significant shareholders.

During the financial year 2020, Nanoform's Audit and Compensation Committee has convened to 6 meetings. Each member has participated in each meeting, following their election to the committee.

2.3 Shareholders nomination board

The Company's general meeting has not established a shareholders' nomination board to carry out preparatory work on the election of directors.

2.4 Supervisory board

The Company currently has no Supervisory Board.

2.5 Managing director and his duties

The Board of Directors appoints the CEO and decides on the CEO's remuneration and other benefits. The current CEO is Dr. Edward Haeggström. Dr. Haeggström is born 1969, a Finnish citizen and co-founder of the Company. Mr. Haeggström has been CEO and member of the Management Team of the Company since 2015. Dr. Haeggström has a Ph.D. degree in applied physics from the University of Helsinki and a Master of Business Administration degree in innovation management from Helsinki University of Technology.

The CEO is responsible for managing and controlling the Company's business and day-to-day operations with the aim of securing significant, sustained increase in the value of the company for its shareholders in line with Nanoform's strategy.

The CEO prepares matters for decision by the Board of Directors and implements the decisions of the Board. The CEO reports to the Board of Directors.

2.6 Management team

The Management Team currently consists of the CEO, Chief Financial Officer, Chief Business Officer, Chief Commercial Officer, Chief Technology Officer, Head of Manufacturing, and General Counsel.

Composition of the Management Team:

Albert Hæggström, Chief Financial Officer. Born 1971. Finnish citizen. CFO and a member of the Management Team since 2018. Member of the Board of Directors since 2015. Education: Bachelor of Science degree in economics from Hanken School of Economics in Helsinki. Holdings in the Company: 692,000 shares and 200,000 stock options, entitling to an equal amount of shares in the Company. Chief Financial Officer has primary responsibility for managing the Company's finances, including financial planning, management of financial risks, record-keeping, and financial reporting.

Gonçalo Andrade, Chief of Business Operations. Born 1978. Portuguese citizen. Chief of Business Operations and a member of the Management Team since 2019. Education: Ph.D. in biochemistry from Ludwig-Maximilians Universität München and Master of Business Administration from the Catholic University of Portugal. Holdings in the Company: 10,000 shares and 190,000 stock options, entitling to an equal amount of shares in the Company. Chief of Business Operations is responsible for ensuring customer projects and sales' operational readiness from a business perspective, with a focus on quality delivery of service and on the customer service.

Christian Jones, Chief Commercial Officer. Born 1980. British citizen. Chief Commercial Officer and a member of the Management Team since 2018. Education: Master of Chemistry degree from the University of Leeds. Fellow of the Royal Society of Chemistry. Holdings in the Company: 0 shares and 200,000 stock options, entitling to an equal amount of shares in the Company. Chief Commercial Officer is responsible for the commercial strategy and sales of the Company.

Niklas Sandler, Chief Technology Officer. Born 1972. Finnish citizen. Chief Technology Officer and member of the Management Team since 2019. Education: Master of Science and Ph.D. degrees in pharmaceutical technology from the University of Helsinki. Holdings in the Company: 0 shares and 190,000 stock options, entitling to an equal amount of shares in the Company. Chief Technology Officer is responsible for the Company's research and development function.

David Rowe, Head of Manufacturing. Born 1967. British citizen. Head of Manufacturing and a member of the Management Team since 2019. Education: Ph.D. degree in Chemistry from the University of Edinburgh. Holdings in the Company: 0 shares and 190,000 stock options, entitling to an equal amount of shares in the Company. Head of Manufacturing is responsible for GMP Manufacturing department which consists of Production, Engineering and Operational Excellence sub functions.

Peter Hänninen, General Counsel. Born 1988. Finnish citizen. General Counsel and member of the Management Team since September 2020. Education: Master of Laws degree from the University of Helsinki. Holdings in the Company: 103,125 shares and 130,000 stock options, entitling to an equal amount of shares in the Company. General Counsel is responsible for the arrangement of the Company's legal support to the Company's various functions and acts as the secretary for the Company's Board of Directors.

3. Description of internal control procedures and the main features of risk management systems

Nanoform's Board of Directors is responsible for the company's internal control and has defined the Internal Control Operating Principles. Management practices and business steering are based on compliance with the law and the Articles of Association as well as with Nanoform's values and ethical business practices. The Audit and Compensation Committee of the Board of Directors shall, among other things, see to that Nanoform has sufficient internal control and risk management and formalized routines to ensure that established principles for financial reporting and internal control are followed and that there are effective systems for monitoring and control of the company's operations and the risks associated with the company and its operations.

The overall purpose of the internal control activities are to reasonably ensure that the Company's strategies and objectives are monitored and that the shareholders' investment is protected. Internal control shall further ensure that external financial reporting, with reasonable certainty, is reliable and prepared in accordance with generally accepted accounting principles, compliance with applicable laws and regulations, and compliance with rules applicable to listed companies.

Risk management is part of the Company's monitoring system and it aims to ensure that the risks relating to the Company's business environment are identified, evaluated and monitored in order to ensure the continuity of its business.

4. Other information to be provided in the CG statement

4.1 Main procedures relating to insider administration

Nanoform complies in its insider matters with Finnish and EU legislation, the provisions of the EU Market Abuse Regulation (596/2014 "MAR"), the applicable rules and guidelines of Nasdaq Helsinki and Nasdaq Stockholm, the guidelines of the Finnish Financial Supervisory Authority and the Corporate Governance Code of the Finnish Securities Market Association.

The Board of the Directors of the Company has approved an Insider Policy, which ensures compliance with the above-mentioned regulations.

The Company informs the public as soon as possible of inside information that directly concerns the Company. The decision to publish such information is made by the

CEO or CFO alone or by the Board of Directors.

The decision to delay the disclosure of inside information to the public is made by the CEO or CFO alone or by the Board of Directors. The decision will be made after it has been assessed whether the conditions for delaying the disclosure of inside information are met. The person responsible for insider matters is responsible for documenting the assessment and the decision to delay the disclosure and for the retention of relevant documentation. If the Company decides to delay the disclosure of inside information, it must immediately establish an insider list concerning the inside information and keep the list up-to-date.

The Company applies the trading restriction applicable to persons discharging managerial responsibilities (i.e. members of the Board of Directors and the Management Team) as set out in MAR (closed window). The closed window period begins 30 calendar days before the publication of the Company's financial statement reports or interim reports and ends once these have been published.

The company has also established an expanded closed window for persons involved in the preparation, drawing up and publishing of the Company's financial reports.

4.2 External Audit

The General Meeting appoints the auditor and decides on the remuneration of the auditor.

Nanoform has one auditor that must be an auditing firm approved by the Finnish Patent and Registration Office. The term of office of the auditor expires at the closing of the Annual General Meeting following the election.

During the 1 January–31 December 2020 financial period, Nanoform's auditor is Authorised Public Accountants PricewaterhouseCoopers Oy with Tomi Moisio as the auditor-in-charge. In accordance with the decision of the Annual General Meeting, the auditor is remunerated and the travel expenses compensated as per reasonable invoice approved by the Company.

4.3 Related party transactions

Related party transactions are described in the Notes to the consolidated financial statements. Fair market values are always applied to related party transactions. Nanoform has currently no related party transactions which would be material and in conflict with the ordinary course of business and not implemented under arms-length terms.

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