



6 Corporate Governance

6.1 Introduction

This chapter summarizes certain information concerning the Board and the Company's corporate governance. It is based on the relevant provisions of Dutch law, including the Dutch Corporate Governance Code (the 'Code') the text of which can be accessed at www.mccg.nl, as in effect on the date of this Management Report, the Board Rules] and the Articles of Association. The Articles of Association in effect as of November 28, 2020 can be found on the Company's website www.vivoryon.com.

This chapter does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of Dutch law as in force on the date of this Management Report, the Articles of Association and the Board rules.

6.2 Board

6.2.1 Introduction

Following the conversion of the Company into a Dutch public company ('*Naamloze Vennootschap*'), the Company maintains a one-tier board (the Board). The Articles of Association provide that the Board shall consist of one or more Executive Directors and one or more Non-Executive Directors. The number of Non-Executive Directors must always exceed the number of Executive Directors. As of the date of this Management Report, the provisions in the DCC that are commonly referred to as the 'large company regime' (*structuurregime*) do not apply to the Company. On December 31, 2020, the Board consisted of two Executive Directors and four Non-Executive Directors.

Directors are appointed by the General Meeting as an Executive Director or a Non-Executive Director. The Board shall grant one of the Executive Directors the title of Chief Executive Officer (CEO) and may grant one of the Executive Directors (including the CEO who shall then have two titles) the title of Chief Financial Officer (CFO). The Board shall appoint one of the Non-Executive Directors as chairman of the Board. The composition of the Board shall be balanced considering the respective skills, experience and knowledge of each of the Directors.

If a Director is to be appointed, the Board shall make a binding nomination. The General Meeting may at all times set aside such binding nomination by a resolution adopted by a majority of at least two-thirds of the votes cast, such majority representing more than one-half of the issued capital of the Company. A second meeting as referred to in Section 2:120 (3) DCC cannot be convened. If the General Meeting sets aside the binding nomination, the Board shall make a new binding nomination. The nomination shall be included in the notice of the General Meeting at which the appointment shall be considered. The Executive Directors shall not take part in the discussions and decision-making by the Board in relation to nominations for the appointment of Directors. If no nomination has been made for the appointment of a Director, this shall be stated in the notice of the General Meeting at which the appointment shall be considered and the General Meeting shall then be free to appoint a Director at its discretion. A resolution to appoint a Director that was not nominated by the Board can only be adopted by a majority of at least two-thirds of the votes cast, such majority representing more than one-half of the issued capital of the Company. A second meeting as referred to in Section 2:120(3) DCC cannot be convened.

Executive Directors will be appointed for a maximum term of four years and can be reappointed for a maximum term of four years each time. Non-Executive Directors will be appointed for a term of four years and may be reappointed for one additional term of four years and subsequently for a term of two years, which term of two years may be extended by at most two years.

A Director may be suspended or removed by the General Meeting at any time. A resolution to suspend or remove a Director can only be adopted by a majority of at least two-thirds of the votes cast, such majority representing more than one-half of the issued capital of the Company, unless the proposal to suspend or remove the relevant Director was made by the Board, in which case the resolution can be adopted by a simple majority of the votes cast. A second meeting as referred to in Section 2:120(3) DCC cannot be



convened. An Executive Director may also be suspended by the Board. A suspension by the Board may at any time be discontinued by the General Meeting. Any suspension may be extended one or more times, but may not last longer than three months in the aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension shall end.

6.2.2 Duties

The Directors are collectively responsible for the Company's management and the general affairs of the Company's business. In discharging its duties, the Board shall be guided by the interests of the Company and its business; it shall take into account the relevant interests of all those involved in the Company (including Shareholders). The Board is responsible for the continuity of the Company and must establish a position on the relevance of long-term value creation for the Company and its business and take into account the relevant stakeholder interests. The Board shall adopt values for the Company and the Company's business that contribute to a culture focused on long-term value creation. The Board is responsible for the incorporation and maintenance of these values within the Company and the Company's business. The Directors may divide their tasks by mutual consultation, provided that (i) the day-to-day management of the Company shall be entrusted to the Executive Directors and (ii) the task to supervise the performance by the Directors of their duties cannot be taken away from the Non-Executive Directors.

The responsibilities of the Board include:

- the achievement of the Company's operational and financial objectives;
- determining the strategy and policy designed to achieve the objectives;
- corporate social responsibility issues that are relevant to the Company's business;
- the general state of affairs in and the results of the Company;
- identifying and managing the risks connected to the business activities;
- ensuring that effective internal risk management and control systems are in place and reporting on this in the Management Report;
- maintaining and preparing the financial reporting process;
- compliance with legislation and regulations;
- compliance with and maintaining the corporate governance structure of the Company;
- publishing the corporate structure of the Company and any other information required under the Code, through the Company's website, publication in the Management Report and otherwise;
- preparing the Annual Accounts and drawing up the annual budget and important capital investments of the Company;
- facilitating the Audit Committee in relation to the selection process of the External Auditor and the nomination of the External Auditor for appointment by the General Meeting;
- ensuring that internal procedures are established and maintained which safeguard that all relevant information is known to the Board in a timely fashion;
- ensuring that the External Auditor receives all necessary information to perform his work in a timely fashion; and
- ensuring that the draft audit plan is discussed with the External Auditor before the External Auditor presents the plan to the Audit Committee.

Notwithstanding the responsibilities of the Board, the responsibilities of the Non-Executive Directors include:

- selecting and recommending the External Auditor for appointment by the General Meeting;



- selecting and recommending individuals for appointment by the General Meeting as Directors;
- proposing the Remuneration Policy for adoption by the General Meeting, establishing the remuneration (in accordance with the remuneration policy) and contractual terms and conditions of employment of the Executive Directors;
- proposing the remuneration of the Non-Executive Directors for adoption by the General Meeting;
- reviewing the performance of the Board and individual Directors and discussing the conclusions that must be drawn on the basis of this review at least on an annual basis; and
- preparing up the Company's diversity policy for the composition of the Board.

6.2.3 Composition

As at December 31, 2020, the Board was composed as follows:

Name	Gender	Age	Nationality	Position	Member Since	Participation rate	Term
Dr. Ulrich Dauer	Male	56	German	Executive director, CEO	2018	100 %	04/2021
Dr. Michael Schaeffer	Male	53	German	Executive director, CBO	2018	100 %	09/2021
Dr. Erich Platzer	Male	71	Swiss	Non-executive director, Chairman of the Board	2007	100 %	AGM 2022
Dr. Dinnies von der Osten	Male	60	German	Non-executive director, Chairman of the Audit Committee	2007	100 %	AGM 2022
Charlotte Lohman	Female	51	Swedish/ German	Non-executive director	2007	100 %	AGM 2022
Dr. Jörg Neermann	Male	54	German	Non-executive director	2011	100 %	AGM 2022

A Non-Executive Director shall not be considered independent from the Company if one of the criteria as included in best practice provision 2.1.8 of the Code apply to him, her, or his or her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree. The Board shall function independently from any instructions by third parties outside the Company. The composition of the Board shall be such that the Non-Executive Directors are able to operate independently and critically vis-à-vis one another, the Executive Directors and any particular interests involved. In particular, the following criteria apply to the Non-Executive Directors:

- at most one Non-Executive Board Member is not independent pursuant to best practice provision 2.1.8 sections (i) to (v) inclusive of the Code;
- less than half of the total number of Non-Executive Board Members is not independent pursuant to best practice provision 2.1.8 of the Code; and
- for each shareholder or group of affiliated shareholders who directly or indirectly hold more than 10% of the shares in the Company, there is at most one Non-Executive Board Member who can be considered to be affiliated with or representing them as stipulated to in best practice provision 2.1.8 sections (vi) and (vii) of the Code.

All non-executive directors are independent within the meaning of the Code.



Dr. Ulrich Dauer

Dr. Ulrich Dauer joined Vivoryon as CEO on May 1, 2018. He has had a career spanning more than 20 years in the biopharmaceutical industry in both public and private companies. As one of the founders, Dr. Dauer previously worked for 14 years as CEO of 4SC AG, attracting multiple private and, upon the company's listing at the Prime Standard segment of Deutsche Börse in 2005, public investors. Under his leadership, 4SC closed multiple industry partnerships with international biopharmaceutical companies. In subsequent leadership positions in the biotech industry, he executed in 2014 the €130 M trade sale of Activaero and later took up CEO positions of two privately held biotech companies. Dr. Dauer holds a PhD in Chemistry from the Julius-Maximilians-University of Würzburg.

Dr. Michael Schaeffer

Dr. Michael Schaeffer has been Chief Business Officer at Vivoryon since October 1, 2018. Dr. Schaeffer brings more than 15 years of experience across pharma and biotech in strategic business development, scientific project and alliance management to Vivoryon. Dr. Schaeffer is a highly experienced serial entrepreneur and was prior to joining Vivoryon, – amongst others – Founder, CEO and Managing Director of the biotech companies, CRELUX GmbH and SiREEN AG. Following the acquisition of CRELUX by WuXiAppTec in 2016, Dr. Schaeffer was responsible for integrating CRELUX into the world-leading Shanghai based CRO with over 18,000 employees globally. Dr. Schaeffer received his PhD in Molecular Biology from the Ludwig-Maximilians-University in Munich, Germany and is an exceptionally skilled Operations- and Innovation Manager.

Dr. Erich Platzer

As a business angel, Dr. Erich Platzer provides advice to StartAngels and BioBAC, advising and investing in early-stage companies, in particular in biotech, medtech and high-tech businesses. In 2001, he co-founded HBM Partners AG, a venture capital company, from which he retired in 2015. He has been chairman or Board member of various publicly traded and privately held early-stage companies including Novuspharma, CTI, Micromet, Cylene, mtm laboratories and Nereus, as well as currently Aptose Biosciences, Credentis, Advanced Osteotomy Tools (AOT), Peripal and Léman Micro Devices (LMD). Since 2015, Dr. Platzer has also been a Supervisory Board member of the venture capital company MedTech Innovation Partners (MTIP). Until 1999, Dr. Platzer worked for close to ten years in various functions in product development and marketing at F. Hoffmann La Roche, Basel, most recently as Business Director Oncology, supervising the therapeutic area of oncology and was responsible for various strategic corporate partnerships. Dr. Platzer has worked as a physician and researcher for many years and was a member of the team that was the first to purify human natural G-CSF (from which Neupogen® was derived). Dr. Platzer graduated from the Medical School of the University of Erlangen, where he also received his MDPHd (Dr. med. habil.).

Dr. Dinnies Johannes von der Osten

Dr. Dinnies Johannes von der Osten is CEO/Partner at GoodVent Beteiligungsmanagement and CEO of Cedrus Private Equity. He has spent over 20 years in the venture and private capital sector in various positions. Between 1998 and 2007, he was sole Managing Director of IBG Beteiligungsgesellschaft Sachsen-Anhalt mbH; Managing Director of VWM Waste und Beteiligungsgesellschaft mbH (1994-1997) and BDO of TechnoCommerz GmbH, a Treuhandanstalt owned company (1993-1994). Dr. von der Osten holds a Ph.D. in Economics from the Freie Universität Berlin, a diploma in Economics from the Ludwig-Maximilians-University, Munich and a Bachelor of Business and Engineering from the TU Karlsruhe.

Charlotte Lohmann

Ms. Charlotte Lohmann has been Senior Vice President since January 2018 and General Counsel since 2012 at MorphoSys AG in Planegg. Prior to this, she spent eleven years at Wilex AG in Munich, her last position as Senior Vice President Legal Affairs & Human Resources. Prior to her position at Wilex, she practiced law at the law firm KPMG Treuhand & Goerdeler GmbH in Munich. She started her career in the tax and law department of the auditing company KPMG Deutsche Treuhand-Gesellschaft AG in the



Munich office. Ms. Lohmann received her degree in law from the Ludwig-Maximilians-University of Munich and is a licensed attorney.

Dr. Jörg Neermann

Dr. Jörg Neermann has been Partner at Life Sciences Partners (LSP) since 2007. He is responsible for sourcing, selecting and managing investments in privately held life science companies primarily in the German-speaking region, but also in other European regions. He currently also serves on the supervisory Boards of Immunic (Germany), Eyesense (Switzerland), Vicentra (Netherlands) and Ventaleon (Germany). Dr. Neermann began his venture capital career in 1996 at Atlas Venture. In 1998, he joined DVC Deutsche Venture Capital, a subsidiary of Deutsche Bank AG, where he became Managing Partner in 2002. Dr. Neermann studied Biotechnology at TU Braunschweig and at the M.I.T. (Cambridge, USA) and holds a Master's degree in Biotechnology. He received his Ph.D. in 1996 from TU Braunschweig.

6.2.4 Board meetings and Board resolutions

The meetings of the Board shall be presided over by its chairman or his deputy. The chairman of the meeting shall appoint a secretary for the meeting.

All resolutions of the Board shall be adopted by a simple majority of the votes cast. However, the Board may determine that certain resolutions of the Board require the consenting vote of a majority of the Non-Executive Directors. Such resolutions must be clearly specified and laid down in writing. In the Board, each Director may cast one vote. If there is a tie in voting, the proposal shall be deemed to have been rejected.

A Director shall not take part in the discussions and decision-making by the Board if he has a direct or indirect personal interest therein that conflicts with the interests of the Company or the business connected with it. The provision of the first full sentence shall not apply if as a result no resolution can be adopted.

6.3 Shareholders and the General Meeting

6.3.1 Introduction

The General Meeting should be able to exert such influence on the policies of the Board that it plays a fully-fledged role in the system of checks and balances in the Company. As good corporate governance practice, the Company promotes the fully-fledged participation of shareholders in the decision-making in the General Meeting.

6.3.2 Shares and shareholdings

The authorised capital (maatschappelijk kapitaal) of the Company is sixty million euro (EUR 60,000,000). The authorised capital of the Company is divided into sixty million (60,000,000) Shares, with a nominal value of one euro (EUR 1) each, numbered 1 through 60,000,000.

Shares may be issued pursuant to a resolution of the General Meeting or of the Board if and insofar as the Board has been designated for that purpose pursuant to a resolution of the General Meeting for a fixed period, not exceeding five years. On such designation the number of Shares which may be issued must be specified. The designation may be extended, each time for a period not exceeding five years. Unless the designation provides otherwise, it may not be withdrawn. A resolution of the General Meeting to issue Shares or to designate the Board as the competent body to issue Shares can only be adopted at a proposal by the Board. In addition, pursuant to article 39 of the Company's articles of association the Board has been designated as the body of the Company authorised to issue Shares and grant rights to subscribe for Shares (including but not limited to any options, warrants, or convertible loans or bonds entitling the holder thereof to subscribe for Shares) and (ii) to limit or exclude pre-emptive rights upon issuance of Shares, for a period of five years that will end on November 27, 2021, which designation applies to 100% of the Shares of the Company's authorised capital as this reads or will read from time to time.



Upon issuance of Shares, each Shareholder shall have a pre-emptive right in proportion to the aggregate nominal value of his Shares, subject to the provisions of articles 7.2 and 7.3 of the Articles of Association. Shareholders shall have a similar pre-emptive right if rights are granted to subscribe for Shares.

The Company's issued capital and voting rights are notified to the Dutch Authority for the Financial Markets (AFM) from time to time. This reporting can be found in the register issued capital on www.afm.nl. Shareholders owning 3% or more of the issued capital and/ or voting rights of a listed company must report this to the AFM as soon as the threshold is reached or exceeded. This reporting by shareholders can be found in the 'Register of substantial holdings and gross short positions' at www.afm.nl. Pursuant to the register kept by the AFM, through December 31, 2020, the below table specifies the persons having notified a substantial holding, i.e. a holding of 3% or more, in the share capital or voting rights of the Company (the relevant further notification thresholds being 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 40 %, 50 %, 60 %, 75 % and 95 %):

Shareholders	Capital	Voting rights	Date of notification (most recent notification only)
Den Danske Forskningsfond	8,13 %	1,000,000	April 16, 2019
T&W Holding A/S	8,13 %	1,000,000	April 18, 2019
C. Christiansen	8,13 %	1,000,000	April 15, 2019
Mackenzie Financial Corporation	5.17 %	1,032,184	February 19, 2020
Lupus alpha Holding GmbH	6.86 %	1,371,300	January 1, 2020
IBG Risikokapitalfonds I+II GmbH & Co. KG	4.47 %	893,269	October 25, 2019
LSP IV Management B.V.	3.19 %	636,289	October 25, 2019

6.3.3 Voting rights

In accordance with Dutch law and the Articles of Association, each Share confers the right to cast one vote at the General Meeting. Each holder of shares may cast as many votes as it holds shares. Shareholders may vote by proxy.

Shareholders, irrespective of whether or not they have voting rights, have meeting rights under Dutch law (including the right to attend and address the General Meeting, subject to the concept of a record date as described below).

Resolutions are passed by an absolute majority of the votes cast, unless Dutch law or the Articles of Association prescribe a larger majority. Under Dutch law, no votes may be cast at a General Meeting in respect of Shares which are held by the Company. In accordance with Dutch law, the Articles of Association do not provide quorum requirements generally applicable to General Meetings.

6.3.4 Annual General Meeting

An annual General Meeting must be held within six months from the end of the preceding financial year of the Company. The agenda for this annual General Meeting shall in any case contain the following business to be discussed:

- discussion of the management report;
- discussion and submission for advisory vote of the remuneration report as referred to in Section 2:135b DCC;
- discussion and adoption of the annual accounts;
- discussion of the reservation and dividend policy;
- allocation of profits; and
- release from liability of Directors.



6.3.5 Extraordinary General Meetings

Other General Meetings may be convened by the Board as often as the Board deems necessary. Shareholders and/or persons with Meeting Rights alone or jointly representing in the aggregate at least one-tenth of the Company's issued capital may request the Board in writing to convene a General Meeting, stating specifically the business to be discussed. If the Board has not given proper notice of a General Meeting within two weeks following receipt of such request such that the meeting can be held within eight weeks after receipt of the request, the applicants can at their request be authorized by the preliminary relief judge of the district court to convene a meeting.

A General Meeting must also be held within three months after the Board has decided that it is likely that the Company's equity has decreased to or below 50 % of its paid up and called up share capital.

Each General Meeting must be held in Amsterdam or Schiphol ('Haarlemmermeer').

For purposes of determining who have voting rights and/or meeting rights under Dutch law at a general meeting of shareholders, the Board may set a record date. The record date, if set, shall be the 28th day prior to that of the General Meeting. Those who have voting rights and/or meeting rights under Dutch law on the record date and are recorded as such in one or more registers designated by the Board shall be considered to have those rights at the general meeting of shareholders, irrespective of any changes in the composition of the shareholder base between the record date and the date of the meeting. The Articles of Association require shareholders and others with meeting rights under Dutch law to notify the Company of their identity and their intention to attend the general meeting of shareholders. This notice must be received by the Company ultimately on the date specified in the notice of the meeting.

6.3.6 Powers of the general meeting of shareholders

All powers that do not vest in the Board pursuant to applicable law, the Articles of Association or otherwise, vest in the General Meeting. The main powers of the General Meeting of shareholders include, subject in each case to the applicable provisions in the Articles of Association:

- the appointment, suspension and dismissal of the Directors;
- the approval of certain resolutions of the Board concerning a material change to the identity or the character of the Company or its business;
- the reduction of the Company's issued share capital through a decrease of the nominal value, or cancellation, of shares in its capital;
- the adoption of the Company's statutory annual accounts;
- the appointment of the Dutch independent auditor to examine the Company's statutory annual accounts;
- amendments to the Articles of Association;
- approving a merger or demerger by the Company, without prejudice to the authority of the Board to resolve on certain types of mergers and demergers if certain requirements are met; and
- the dissolution of the Company.

In addition, the general meeting of shareholders has the right, and the Board must provide, any information reasonably requested by the general meeting of shareholders, unless this would be contrary to an overriding interest of the Company.



6.4 Dutch Corporate Governance Code

The Company is incorporated under Dutch law and adheres to the Code. The Code contains best practice provisions that apply to the Company's corporate governance structure. Except as set out below, the Company complies with the principles and best practice provisions of the Code.

6.4.1 Principle 1.3 Internal audit function

The Company has not established an internal audit department. The Non-Executive Directors and the Audit Committee will remain involved in the execution of the internal audit function as stipulated in best practice provisions 1.3.1 to 1.3.5. The Board is of the opinion that adequate alternative measures have been taken in the form of the Company's risk management and control systems, as outlined elsewhere in this report, and that it is presently not necessary to establish an internal audit function.

6.4.2 Best practice provision 1.3.1 Appointment and dismissal

The Company has not established an internal audit department. We refer to our explanation under principle 1.3.

6.4.3 Best practice provision 1.3.2 Assessment of the internal audit function

The Company has not established an internal audit department. We refer to our explanation under principle 1.3.

6.4.4 Best practice provision 1.3.3 Internal audit plan

The Company has not established an internal audit department. We refer to our explanation under principle 1.3.

6.4.5 Best practice provision 1.3.4 Performance of work

The Company has not established an internal audit department. We refer to our explanation under principle 1.3.

6.4.6 Best practice provision 1.3.5 Reports of findings

The Company has not established an internal audit department. We refer to our explanation under principle 1.3.

6.4.7 Best practice provision 2.3.2 Establishment of committees

Since the Board consists of four Non-Executive Directors, and not more than four Non-Executive Directors, this best practice provision does not apply. The Board did, however, establish an Audit Committee, which prepares decision-making for the Board. The Board has decided not to set up a remuneration committee nor a selection and appointment committee since the Board as a whole, thus including the Non-Executive Directors, performs the duties of the committees concerned.

6.4.8 Best practice provision 2.3.4 Composition of the committees

Given the current composition of the Board, the independence of the directors and their qualifications (as well as the rules applicable to the Company with respect to the composition of the Board and its committees), the Board is chaired by Dr. Erich Platzer, whereas the Audit committee is chaired by Dr. Dinnes von der Osten. The Board regularly evaluates its composition and that of its committees.

6.4.9 Best practice provision 2.3.4 Chairman of the supervisory board

The Company complies with this best practice provision, with the exception that the responsibility to ensure that a vice-chairman is elected is not attributed to the Chairman. From a flexibility perspective, any Non-Executive Director (other than the Chairman) will carry out the duties of the Chairman on a case-by-case basis should the Chairman be absent or unable to chair.



6.4.10 Best practice provision 2.3.7 Vice chairman

Given the current organization of the Company, the Board has appointed Dr. Dinnies von der Osten as vice chairman of the Board.

6.4.11 Best practice provision 2.3.10 Company secretary

Given its limited size and as the lines of communication between the Directors are short and the procedures of the Board are fairly straight forward, during the financial year to which this report relates, the Board has decided not to appoint a company secretary.

6.4.12 Best practice provision 2.7.6 Personal loans

Since the Company has a one-tier Board, the Board as a whole, thus including the Non-Executive Directors, decides upon the approval referred to in this best practice provision. Hence, no separate approval from the Non-Executive Directors is requested. The relevant Director shall not take part in the discussions and decision-making and the Executive Directors shall not take part in the discussions and decision-making in relation to Executive Directors.

6.4.13 Best practice provision 3.1.1 Remuneration policy proposal

The Company has a one-tier board, and therefore, the Board as a whole proposes the Remuneration Policy to the General Meeting for adoption, based on a recommendation of the Non-Executive Directors. No remuneration committee has been installed.

6.4.14 Best practice provision 3.2.1 Remuneration committee's proposal

The Company has a one-tier board, and therefore, the Board as a whole proposes the Remuneration Policy to the General Meeting for adoption, based on a recommendation of the Non-Executive Directors. No remuneration committee has been installed.

6.4.15 Principle 3.3 Remuneration – supervisory board

The Company has a one-tier board. Therefore, the Board as a whole proposes the remuneration for its Non-Executive Directors to the General Meeting.

6.4.16 Principle 3.4.1 Remuneration report

Due to the Company's one-tier board structure, the Remuneration Report is prepared by the Non-Executive Directors and adopted by the Board as a whole. No remuneration committee has been installed.

6.4.17 Best practice provision 4.3.3 Majority requirements for dismissal and overruling binding nominations

The Directors are appointed by the General Meeting upon the binding nomination by the Board. The General Meeting may only overrule the binding nomination by a resolution passed by a two thirds majority of votes cast, provided such majority represents more than half of the Company's issued share capital. In addition, except if proposed by the Board, the Directors may be suspended or dismissed by the General Meeting at any time by a resolution passed by a two thirds majority of votes cast, provided such majority represents more than half of the Company's issued share capital. The possibility to convene a new General Meeting as referred to in Section 2:120(3) DCC in respect of these matters has been excluded in the Articles of Association. The Company believes that these provisions support the continuity of the Company and its business and that those provisions, therefore, are in the best interests of the Shareholders and the other stakeholders.

6.5 Code of conduct and other corporate governance practices

The Company has adopted a code of conduct, which explicitly incorporates and refers to core values of the Company, being honesty, accountability, integrity, professionalism and fairness. The text of the



Company's code of conduct can be accessed at www.vivoryon.com. The Company does not voluntarily apply other formal codes of conduct or corporate governance practices.

6.6 Committees

6.6.1 General

Since the Board consists of four Non-Executive Directors, and not more than four Non-Executive Directors. The Board has therefore decided not to set up a remuneration committee nor a selection and appointment committee since the Board as a whole, thus including the Non-Executive Directors, performs the duties of the committees concerned. The Board did, however, establish an Audit Committee, which prepares decision-making for the Board.

The Audit Committee prepares the issues that fall within the Non-Executive Directors' respective areas of responsibility. The chair of the Committee reports to the Non-Executive Directors on the Committees' work in the next Non-Executive Directors meeting after an Audit Committee meeting. The minutes of the Committee meetings are made available to all Non-Executive Directors.

The Audit Committee is comprised of the following members: Dr. von der Osten, Charlotte Lohmann and Dr. Neermann; Dr. von der Osten is the Chairperson. All members have the corresponding expertise and independence. The Audit Committee met once in 2020 by conference call. The primary discussion points in these meetings were the audit of the 2019 financial statements pursuant to HGB and IFRS.

As of December 31, 2020, the Audit committee was composed as follows:

Name	Participation Rate
Dr. Dinnies von der Osten, Chairman	100 %
Ms. Charlotte Lohman	100 %
Dr. Jörg Neermann	100 %

6.6.2 Audit committee

The responsibilities of the audit committee include:

- recommending the appointment of the independent auditor to the General Meeting;
- the appointment, compensation, retention and oversight of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit services;
- pre-approving the audit services and non-audit services to be provided by the Company's independent auditor before the auditor is engaged to render such services;
- evaluating the independent auditor's qualifications, performance and independence, and presenting its conclusions to the full Board on at least an annual basis;
- reviewing and discussing with the Board and the independent auditor the audit plan as well as the Company's annual audited financial statements and interim financial statements prior to the filing of the respective annual and interim report;
- reviewing the Company's compliance with laws and regulations, including major legal and regulatory initiatives and also reviewing any major litigation or investigations against us that may have a material impact on the financial statements;
- assessing the effectiveness of the design and operation of the Company's internal controls;
- reviewing the operation of and the compliance with the Company's code of conduct; and
- reviewing potential conflicts of interest involving the Company's Directors.



During the financial year to which this report relates, the audit committee met once in 2020 in order to carry out its responsibilities. The primary discussion point in these meeting was the audit of the 2019 financial statements pursuant to HGB and IFRS.

6.7 Evaluation

The Board is responsible for the quality of its own performance. It discusses, once a year, without the presence of the Executive Directors, its own performance, as well as the performance of its individual members, its committees, the Executive Directors and its individual members. In 2020, the Board conducted an evaluation through a self-assessment which resulted in a positive assessment of the Board and its individual members and also the performance of the executive Directors. Further the Board was satisfied with the performance of the Board and determined that it works well together, with all members fully contributing to discussions.

6.8 Diversity

The Company has a diversity policy with respect to the composition of the Board. This is the diversity policy of the Company as prepared by the Non-Executive Directors in accordance with best practice provision 2.1.5 of the Code. The Board recognizes the importance of diversity within the Board and believes that the Company's business gains from a wide range of skills and a variety of different backgrounds. A diverse composition of the Board contributes to a robust decision-making and proper functioning of the Board. The Board furthermore recognizes that diversity should not be limited to the Board, but should extend to all areas of the Company's business, including but not limited to other key leadership positions. However, the importance of diversity, in and of itself, should not set aside the overriding principle that someone should be recommended, nominated and appointed for being 'the right person for the job'. The Company believes that it is important for the Board to represent a diverse composite mix of personal backgrounds, experiences, qualifications, knowledge, abilities and viewpoints. The Company seeks to combine the skills and experience of long-standing members of the Board with the fresh perspectives, insights, skills and experiences of new members.

Under the Company's diversity policy, to the extent possible and practicable, the Company intends for the composition of the Board to be such that at least 30% of the Directors are men and at least 30% of them are women, consistent with applicable (to be enacted) Dutch law. In addition to age and gender, the Company recognizes and welcomes the value of diversity with respect to race, ethnicity, nationality, sexual orientation and other important cultural differences. The Company is committed to seeking broad diversity in the composition of the Board and will consider these attributes when evaluating new candidates in the best interests of the Company and its stakeholders. In terms of experience and expertise, the Company intends for the Board to be composed of individuals who are knowledgeable in one or more specific areas detailed in the Company's diversity policy.

6.9 Anti-takeover measures

The Company has not adopted any specific takeover measures.

6.10 Risk management and control systems

For the leadership of the Company, a continuous and systematic management of the entrepreneurial opportunities and risks is of essential importance. For this reason, the Company implemented internal risk management and control systems. The Board on a regular basis assesses on the current developments in the Company. In the Audit Committee, the supervision of the effectiveness of the accounting processes as well as the supervision of the independence of the auditor are reviewed.

The business of the Company is exposed to specific industry risks, as well as general business risks. The financial condition or results of operations could be materially and adversely affected if any of these risks occurs, and as a result, the market price of the Company's Shares could decline. This Annual Report also contains forward-looking statements that involve risks and uncertainties. The actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors.



6.10.1 Opportunities

The Company operates in an industry characterized by constant change and innovation. The challenges and opportunities in the healthcare sector are influenced by a wide variety of factors. Global demographic changes, medical advances and the desire to increase quality of life provide excellent growth opportunities for the pharmaceutical and biotechnology industries. However, companies must also grapple with growing regulatory requirements in the field of drug development as well as cost pressure on healthcare systems.

The main opportunities for the Company and its shareholders are based on an increasing interest in AD, the generation of additional positive data from the Company's proprietary programs, licensing agreements due to the Company's very comprehensive and well-positioned patent portfolio as well as takeovers and M&A opportunities with the Company as a potential target.

6.10.2 Risks

On the other hand, the Company is exposed to various individual risks, which are described in detail in chapter 2 of the Management Report, relating to the Annual Financial Statements 2020. The occurrence of these risks can, individually or in the aggregate have a material adverse effect on the business activities, the realization of significant Company goals and/or the Company's ability to refinance. Moreover, the risks could have substantial negative implications on the Company's net assets, financial position and results of operations. In the worst case, this could force the Company to file for insolvency. Currently only a few factors have been identified which could, in the short-term, impair the development of the Company. Overall, the Company is well-positioned. As per the Company's current planning, the cash and cash equivalents as of December 31, 2020 provide for the Company's financing beyond the upcoming twelve months.

6.10.3 Risk management

The Company has an active, systematic risk management on the basis of which risks are to be identified, monitored and, on the basis of appropriate measures, minimized. The Company's current business risks are primarily in the research and development of novel active pharmaceutical ingredients, the protection of intellectual property, the cooperation with a network of service providers and partners as well as maintaining equity in the Company's mid- to long-term financing. These risks are continuously assessed so as to optimize the Company's opportunities/risks position.

For further details on the opportunities, the risks and the risk management please refer to chapter 2 of the Management Report.

6.10.4 Risks associated with the SARS-COV2 pandemic

Despite the strict lockdown requirements through the containment regulations, the Company has managed to maintain the work ability of all employees. For this purpose, individual solutions such as working from home and time-shifted working in the offices were used. Business travel typically used to identify potential investors or cooperation partners, was largely replaced by the establishment of a video conference system. All employees of the Company are still encouraged to act in accordance with the recommendations for protection against Sars-CoV2 infections, i.e. comply with the specified minimum distances and, where this is not possible, wear mouth and nose protection. Business trips should only be undertaken if absolutely necessary.

The Company sources certain services from CROs in its development projects. The lockdown regulations in Europe, the United States and India have had a negative impact on the timelines of projects resulting in a slight delay of patient enrollment in the VIVIAD study. Moreover, with the outbreak of the pandemic, the Company carried out a respective risk analysis for its projects. Since Alzheimer's patients, mostly elderly individuals, are representing a particular risk group towards severe Covid-19 progressions, the Company has made the study initiation dependent on the community-spreading situations in participating countries (Denmark, the Netherlands, Germany). Additionally, appropriate precautionary measures have



been established at all test centers. These analyses and measures were part of the applications to the respective competent national authorities for approval of the clinical trial.

This situation is being re-evaluated at regular intervals and, if necessary, appropriate measures will be implemented which may include the complete stop of the recruitment of study participants leading to a delay of the trial timelines and study results.

A further risk resulting from the pandemic, is the increased vulnerability of the supply chain for clinical study materials. To mitigate this risk, the Company has been establishing a second source for the synthesis of the active pharmaceutical ingredient (API).