TABLE OF CONTENT

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission statement</td>
<td>1</td>
</tr>
<tr>
<td>General information about the foundation</td>
<td>2</td>
</tr>
<tr>
<td>Mutations in the foundation</td>
<td>4</td>
</tr>
<tr>
<td>Basics of the foundation’s activities</td>
<td>5</td>
</tr>
<tr>
<td>Activities of the foundation in the financial year 2018</td>
<td>7</td>
</tr>
<tr>
<td>Information on the amount of the research grants</td>
<td>9</td>
</tr>
<tr>
<td>Foundation assets</td>
<td>10</td>
</tr>
<tr>
<td>Income statement and balance sheet 2018</td>
<td>11</td>
</tr>
<tr>
<td>Appendix risk evaluation and management</td>
<td>13</td>
</tr>
<tr>
<td>Donors</td>
<td>14</td>
</tr>
<tr>
<td>Contact information</td>
<td>15</td>
</tr>
</tbody>
</table>
Mission statement

The FOREUM Foundation for Research in Rheumatology is dedicated to promoting research on rheumatic and musculoskeletal diseases (RMDs) as an independent research promotion institute for rheumatological research. In order to achieve this goal, FOREUM endeavours to collect funds from various donors. Basic and applied research of the highest quality is supported to reduce the burden of disease for people with RMDs.

What we have achieved in recent years has only been possible thanks to the generous financial support of our loyal and new donors. We regard this support as a sign of confidence in the value of FOREUM-funded research for the further development of the field of rheumatology and for society. At the same time, we regard it as a mission to meet our high standards of quality in the research supported by FOREUM.

Also in the future, FOREUM will endeavour to initiate research of the highest quality, which is oriented towards a broad spectrum of clinical pictures and will launch regular calls for tenders, for which research projects will be reviewed. We are delighted to have been able to finance the best projects submitted in 2018.

We conclude with a word of thanks - first to our current and future donors, then to EULAR for its continued support and last but not least to all our committee members, staff and others who contribute to making FOREUM a successful and respected institution in European rheumatism research.

Gerd Burmester
President FOREUM Board of Trustees
General information about the foundation

Purpose of the Foundation pursuant to Art. 2 of the Foundation Charter of 8 May 2013
"The purpose of the foundation is to promote rheumatological research. To this end, the Foundation supports rheumatological research projects with financial resources.
The Foundation also contributes to this,
• To promote networks in the field of rheumatological research;
• To facilitate access to research opportunities and research fundraising activities for all European countries.
The Foundation pursues neither profit-making nor self-help purposes."

Tax exemption
By order of the Cantonal Tax Office of Zurich dated 14 October 2013, the Foundation was exempted from state tax and general municipal taxes as well as from direct federal tax with effect from its establishment because of the pursuit of charitable purposes.

Statutes and regulations
Foundation Statute of 8 May 2013
Pursuant to Art. 12 of the Foundation Statutes, the Board of Trustees has issued the "Regulations for the Board of Trustees" for the attention of the Executive Committee, which set out in detail the tasks and responsibilities, working methods and role of the Board of Trustees and the Scientific Committee. Further regulations are not yet required in this initial and establishment period of the foundation.

Domicile
FOREUM Foundation for Research in Rheumatology
Seestrasse 240
8802 Kilchberg

Board of Trustees (with collective signature of two)
• President Board of Trustees
  Dr. Gerd-Rüdiger Burmester
• Vice-President Board of Trustees
  Dr. Steffen Gay
• Members Board of Trustees
  - Ferdinand Breedveld
  - Maxime Robert Raymond Dougados
  - Julia Rautenstrauch

Management of the foundation
For administrative tasks, a secretarial post (50%) has been held by Caroline Desiderio since 1 October. The Board of Trustees is responsible for management.

Accounting
CMT Partners AG
Dufourstrasse 147
8008 Zürich
Auditor
TBO Revisions AG
Steinstrasse 21
8036 Zürich
Mutations in the foundation

There were no changes in the Board of Trustees in the financial year of 2018.
Basics of the foundation’s activities

The main task of FOREUM is the promotion of research in the field of rheumatic and musculoskeletal diseases in the form of an independent research foundation. The aim is to initiate high-quality research into a broad range of rheumatic and musculoskeletal diseases through financial support. Research projects funded by FOREUM are to be carried out in cooperation with proven research centres from various countries. Only applications for research funds that meet these high standards and that have successfully undergone an external peer review process are considered, which means that the evaluation of the submitting scientific work/projects has been carried out by at least one independent evaluator/scientist from the same subject area.

FOREUM seeks financial support from interested commercial and non-commercial donors (fundraising) to achieve its goals. A list of donors and donations in 2018 is given in the chapter "Income Statement and Balance Sheet 2018". Contributions to FOREUM are guided by the conviction that further research and innovation in this field are crucial for further improvements in the prevention and treatment of rheumatic and musculoskeletal diseases and thus ultimately the living, working and socio-economic conditions of the more than 120 million people in Europe affected by any form of such diseases.

FOREUM is in principle an institution that defines its strategic goals and tasks independently of other institutions. Nevertheless, the intention is to coordinate and coordinate the research programme with the European Rheumatism League EULAR, which is active in the same field. The aim is to avoid inefficient use of research funds through duplication. Additionally, FOREUM wants to maintain useful contacts with other research organizations and further circles interested in rheumatism research, where meaningfully.

For the activity of FOREUM three basic experiences or realizations are crucial: First, the challenges of modern medicine can best be met through an integrative approach to collaboration. In the short to medium term, far-reaching progress in health care in the sense of a paradigm shift is to be aimed for with the use of modern molecular and cell technologies as well as information and database technologies.

Secondly, rheumatology should play a leading role in its implementation, as its interdisciplinary approach enables it to initiate innovations in many areas of medicine. This makes rheumatology an attractive discipline not only for external sponsors, but also for top researchers and the best of the younger generation of researchers.

Thirdly, important research networks with academic (basic and clinical research) and industrial participation have been established in Europe in recent years. Programmes such as Autocur, Masterswitch, BTCure, EUROTEAM, PRECISEADS, GLORIA, HarmonicSS, and most recently RTCURE have received significant EU funding. Outstanding research results have been achieved, resulting in sustainable skills, networks, large and well-defined biobanks and world-leading technical know-how.

Rheumatology in Europe has already shown that it is able to work together for the good and benefit of the whole. With a view to the future and since the causes, pathways and above all successful treatment options for many
rheumatic diseases have not yet been sufficiently clarified, sustainable financing models are still necessary in the long term. FOREUM has set itself the goal of taking on a significant pioneering role as a committed partner.
Activities of the foundation in the financial year 2018

Research fundings

As usual, the submitted projects will be reviewed and evaluated by the FOREUM Scientific Committee and in an external peer review evaluation procedure in order to approve the projects and determine the amounts. Finally, the recommendations of the Scientific Committee are reviewed by the Executive Committee and, if necessary, approved. The Board of Trustees makes the final decision on the release of the approved project funds.

FOREUM was able to issue two calls for proposals for research projects in 2018, one on topic VII "Stratified Medicine in Rheumatology" and one on topic VIII "International Exchange Fellowships". The submitted projects on topics VII and VIII were reviewed and evaluated by the Scientific Committee of FOREUM and in an external peer review evaluation procedure. The projects on topic IX will not be finally approved until 2019.

Within the framework of topic VII, two projects were selected by the Executive Committee and approved by the Board of Trustees at the request of the Executive Committee with € 600’000 each for financing. These are the following projects:

- Ng et al: Stratified medicine in primary Sjögren’s syndrome
- Pipitone et al: Molecular stratification of patients with giant cell arteritis to tailor glucocorticoid and tocilizumab therapy

Within the scope of topic VIII, four projects were selected by the Executive Committee and approved by the Board of Trustees at the request of the Executive Committee with three times €150’000 and €125’000 for financing. These are the following projects:

- Burja et al: Crosstalk of metabolic and epigenetic pathways in systemic sclerosis
- Sag et al: The effect of T cell exhaustion profiles of synovial fluid and peripheral blood from juvenile idiopathic arthritis patients on disease pathogenesis and prognosis
- Lazarevic et al: Applicability of standardized ultrasound examination to estimate disease activity in combination with JADAS and inflammation markers in JIA patients
- Militaru et al: The use of ultrasound in improving management in systemic sclerosis

Thanks to generous donations, budgets were also made available for the following project calls:

- €400’000 for topic X „Call for FOREUM International Fellowships”
- €2’000’000 for topic XI „Open Call for Innovative Medicine”

The calls for proposals for research projects on topic X were launched at the end of 2018, those on topic XI will follow in 2019.
Meetings Board of Trustees and Executive Committee
The Board of Trustees and the Executive Committee held four meetings on the course of business in the reporting period:

- Ratification of the two projects proposed by the Executive Committee (topic VII) for a total amount of €1'200'000;
- Ratification of the 4 projects (Theme VIII) proposed by the Board for a total amount of €475'000;
- Delimitation of the grants decided on in order to increase transparency and improve the presentation of finances;
- Approval of the treasurer’s financial report.
Information on the amount of the research grants

As outlined in the previous chapter, FOREUM 2018 approved and in part already paid out research contributions. In detail:

Topic VII „Stratified Medicine in Rheumatology“

- €600’000 projekt 022 WF. Ng
- €600’000 project 023 N. Pipitone

Total of €1’200’000. The corresponding amounts are shown in the financial statement.

Thema VIII „International Exchange Fellowships“

- €125’000 Projekt 024 B. Burja
- €149’083 Projekt 025 T. Militaru
- €125’000 Projekt 026 D. Lazarevic
- €150’000 Projekt 027 E. Sag

Total of €549’083. The corresponding amounts are shown in the financial statement.
Foundation assets

The foundation's assets as at 31 December 2018 amounted to € 8,806,726.

The foundation's assets are invested with UBS Zurich in current accounts in EUR and CHF. No longer-term investments were made.

The foundation's assets are managed by the Board of Trustees. As a member of the Executive Committee, the treasurer is regularly informed of payments and account balances by the Secretariat. The treasurer reports to the foundation’s Board of Trustees at regular intervals on the financial situation of FOREUM. The Board of Trustees examines and approves future expenditure in the light of the financial situation of the foundation. Details are given in the Appendix to the Annual Report.
Income statement and balance sheet 2018

**Income statement**

The income statement for 2018 ends with a positive result of €402’347. Last year donations amounting to €2’664’992 were received. These are offset by detailed accruals for grants already approved of €2’074’083. In addition, staff costs of €17’228 and other operating expenses of €160’616 were incurred. Income and expenses are presented in detail in the attached audit report to the annual financial statements.

**Balance sheet**

The balance sheet at the end of 2018 includes assets of €8’808’147 in the form of cash and cash equivalents. The equity of €1’693’379 consists of €100’000 endowment capital, €1’191’032 profit carried forward 2017 and €402’347 annual profit 2018.

**Donations received in detail**

<table>
<thead>
<tr>
<th>DONOR</th>
<th>AMOUNT IN EUR</th>
<th>ENTRY CURRENCY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Celgene</td>
<td>300’000</td>
<td></td>
</tr>
<tr>
<td>EULAR</td>
<td>500’000</td>
<td></td>
</tr>
<tr>
<td>Gilead</td>
<td>42’373</td>
<td>CHF 50’000</td>
</tr>
<tr>
<td>Lilly</td>
<td>510’000</td>
<td></td>
</tr>
<tr>
<td>Novartis</td>
<td>300’000</td>
<td></td>
</tr>
<tr>
<td>Pfizer</td>
<td>500’000</td>
<td></td>
</tr>
<tr>
<td>Polaris/Merck</td>
<td>12’619</td>
<td>USD 15’000</td>
</tr>
<tr>
<td>Roche</td>
<td>100’000</td>
<td></td>
</tr>
<tr>
<td>Sandoz</td>
<td>100’000</td>
<td></td>
</tr>
<tr>
<td>Sanofi Genzyme</td>
<td>300’000</td>
<td></td>
</tr>
</tbody>
</table>

**Total donations** 2’664’992
Resolution of the Board of Trustees

The entire Board of Trustees approved the activity report and annual financial statements for 2018 at its meeting of 11 June 2019 and adopted unanimously. The auditors for the coming 2019 financial year were also confirmed.

Madrid, 11. Juni 2019
Appendix risk evaluation and management

As part of its duties, the Board of Trustees regularly reviews all organs and processes of the foundation in order to identify risks and, as far as possible, avoid or at least mitigate them. At its meetings on 11 January and 12 June 2018, the Board of Trustees reviewed and approved the decisions and recommendations of the Executive and the Scientific Committee and also found the decision-making processes to be good. In its assessment of the financial situation of FOREUM, the Board of Trustees reviewed the revenues and planned expenditures and approved them in accordance with the foundation's assets. No financial risks are discernible with regard to the current activities of the foundation. In order to avoid financial risks in the future, the Board of Trustees reserves the right to make adjustments at any time. The principle only applies that donations are made for which the financial framework is 100% guaranteed.
Donors

FOREUM Foundation for Research in Rheumatology seeks to raise funds from interested commercial and non-commercial donors that share FOREUM’s vision and goals. Without this support we would not be here nor can we fulfil our mission for the benefit of researchers and patients. It is with gratitude that we acknowledge the following donors for their generous support and financial donations:

**Platinum**

![Lilly](image1)
![Pfizer](image2)

**Gold**

![AbbVie](image3)
![Sanofi](image4)
![Novartis](image5)

**Bronze**

![Roche](image6)
![Celgene](image7)

**Donor**

![Gilead](image8)
![MSD](image9)
Contact information

<table>
<thead>
<tr>
<th>PROF. G. BURMESTER</th>
<th>PROF. P. EMERY</th>
<th>C. DESIDERIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRESIDENT</td>
<td>CHAIR EXECUTIVE COMMITTEE</td>
<td>SECRETARIAT</td>
</tr>
</tbody>
</table>

**FOREUM**
Seestrasse 240, CH-8802 Kilchberg, Switzerland
T: +41 43 311 55 66
M: info@foreum.org
W: www.foreum.org