

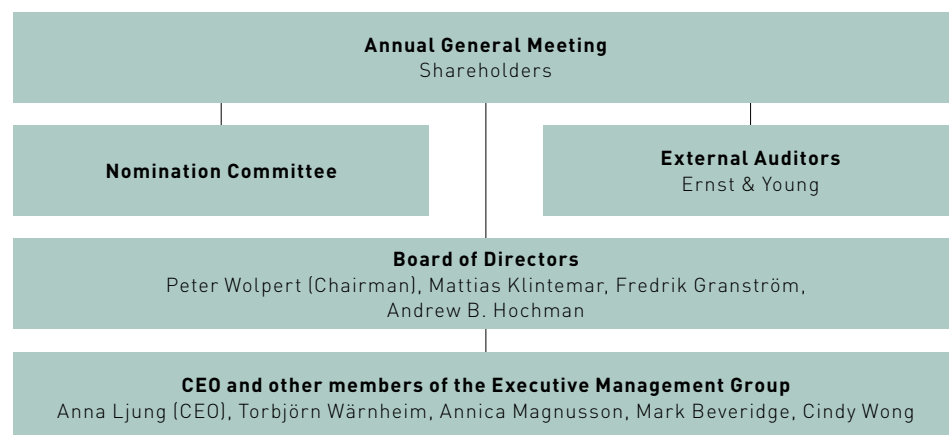
# CORPORATE GOVERNANCE REPORT

Moberg Pharma AB (publ), corporate registration number 556697-7426, is a Swedish limited liability company headquartered in Stockholm, Sweden.

Prior to its listing on NASDAQ OMX Nordic Exchange Stockholm, the company's corporate governance activities were based on Swedish law and internal rules and regulations. The company was listed on the NASDAQ OMX Nordic Exchange Stockholm on May 26th, 2011 and has adhered to NASDAQ OMX Nordic Exchange Stockholm's rules for issuers and applied the Swedish Code of Corporate Governance ("the Code") as of that date. This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance.

The code applies to all Swedish companies whose shares are listed on a regulated market in Sweden and shall be applied in full from the stock exchange listing. Companies do not have to follow all the rules in the code, but have the opportunity to choose alternative solutions that they deem better suited to these circumstances, provided that any discrepancies are reported, the alternative solution is described and the reasons are explained (follow or explain principle) in the corporate governance report. Moberg Pharma follows all rules in the code. Good corporate governance is an essential component in the work to create value for Moberg Pharma's shareholder. The goal is to create good conditions for an active and responsible ownership role, a well-balanced division of responsibilities between owners, board and company management as well as transparency towards owners, capital market, employees and society in general.

The figure below illustrates Moberg Pharma's corporate governance model and how these work together:



## INTERNAL REGULATORY STRUCTURES AND POLICIES THAT AFFECT CORPORATE GOVERNANCE

- Articles of Association
- Board of Directors' Rules of Procedure and CEO's Instructions
- Remuneration Principles for Senior Executives
- Risk Management Policy
- Finance Policy
- IT Policy
- Finance manual
- Employee handbook
- Authorization manual
- Information policy
- Code of Conduct

## EXTERNAL REGULATORY STRUCTURES THAT AFFECT CORPORATE GOVERNANCE

- Swedish Companies Act
- Accounting standards
- Nasdaq OMX Nordic Exchange Stockholm's issuer regulations
- Code of Corporate Governance

## SHAREHOLDERS' MEETINGS

In accordance with the Swedish Companies Act, Moberg Pharma's highest decision-making body is a Shareholders' Meeting. At Shareholders' Meetings, shareholders exercise their right to vote on key issues, such as the adoption of the statement of comprehensive income and financial position, appropriation of the company's earnings, discharge of the Board of Directors and Chief Executive Officer from personal liability, election of Board members and auditors, and remuneration of the Board of Directors and auditors. In addition to the Annual General Meeting, Extraordinary Shareholders' Meetings may also be convened. The Articles of Association state that official notice of an AGM or Extraordinary Shareholders' Meeting must be provided in the form of an advertisement in Post- och Inrikes Tidningar and published on Moberg Pharma's website. Information that the official notice of an AGM or Shareholders' Meeting has taken place is published in Dagens Industri.

## RIGHT TO ATTEND A SHAREHOLDERS' MEETING

Shareholders who would like to attend a Shareholders' Meeting must be registered in the shareholder register maintained by Euroclear five working days before the meeting, and must also notify the Company that they will attend the Shareholders' Meeting no later than the date stated in the notice.

of the Meeting. In addition to notifying the Company of their attendance, shareholders whose shares are registered in the name of a nominee via a bank or financial institution, must, via the nominee, temporarily register their shares in their own name with Euroclear in order to be entitled to attend the meeting. Shareholders should notify the nominee about this in good time before the reconciliation date. Shareholders may attend the Shareholders' Meeting in person or via an authorized representative and may be accompanied by up to two advisors. One share entitles the holder to one vote at General Meetings, and there are no limits as to how many votes each shareholder can cast at a General Meeting. Shareholders are normally able to register for a Shareholders' Meeting in several ways, details of which are given in the notice of the meeting.

### SHAREHOLDER INITIATIVES

Shareholders who would like a particular issue to be addressed at a Shareholders' Meeting are required to submit a written request to the Board of Directors. Such requests should normally be received by the Board no later than seven weeks before the Shareholders' Meeting.

Given the composition of the company's owners, it is not considered justified in view of the company's financial status to provide simultaneous interpretation to another language nor to translate in full or in part Shareholders' Meeting material, including the minutes.

Information about past Shareholders' Meetings is available on Moberg Pharma's website. The website also provides information on shareholders' right to have matters considered at the meeting and the deadline before which such requests must reach the company.

The Annual General Meeting for the shortened financial year January - June 2019 took place on October 30, 2019. The meeting was attended by 37 shareholders, in person or by proxy. These represented 28.1% of the shares and votes in Moberg Pharma. Peter Wolpert, Chairman of the Board, was elected Chairman of the Meeting. The CEO and all board members were present at the Annual General Meeting except Andrew Hochman. The minutes from the Annual General Meeting can be found at [www.mobergpharma.se](http://www.mobergpharma.se) under corporate governance. At the Annual General Meeting, it was decided to authorize the Board to, until the next Annual General Meeting, on one or more occasions, decide on a new issue of shares with preferential rights, or with deviation from the shareholders' preferential rights. The total number of shares covered by such new issues may correspond to a total of no more than 20% of the shares in the company, at the time of the Annual General Meeting for the abbreviated financial year 2019.

### BOARD OF DIRECTORS AND THE WORK OF THE BOARD OF DIRECTORS

After the Shareholders' Meeting, the Board of Directors is the company's highest decision-making body. Under the Companies Act, the Board is responsible for the company's administration and organization, which means that the Board is responsible for adopting goals and strategies, ensuring that procedures and systems for evaluating adopted goals are in place, monitoring Moberg Pharma's financial position and results and evaluating the company's operational management. The Board is responsible for ensuring that the Annual Report and consolidated financial statements and interim reports are prepared in time. It also appoints the Chief Executive Officer. Board members are elected each year at the AGM

for the period until the end of the next AGM. According to Moberg Pharma's Articles of Association, the Board should consist of at least three and no more than ten Board members and no more than two alternates. According to the Code, no alternates are to be appointed for AGM-elected Board members. The Chairman of the Board is elected by the AGM and holds a special responsibility for leading the work of the Board and ensuring that the Board operates in an organized and efficient manner. The Chairman of the Board is not involved in the operational management of the company. The Board operates in accordance with written rules of procedure that are reviewed and adopted annually at the statutory Board meeting. The rules of procedure regulate Board procedures, functions and the division of responsibilities between the Board members and CEO. In connection with the first Board meeting, the Board also establishes instructions for financial reporting and instructions for the CEO.

The board normally meets four to six times a year. In addition to these meetings, additional meetings can be arranged to deal with issues that cannot be referred to a regular meeting. In addition to board meetings, the chairman of the board and the CEO have an ongoing dialogue concerning significant issues for the company. Moberg Pharma conducts an annual evaluation of the Board's work. The 2020 evaluation focused mainly on issues concerning the board's management and working methods, the quality of the board's working methods, control systems and board documentation, and the board's composition and competence. The results have been presented to and discussed within the Board and have also been notified to the Nomination Committee. Moberg Pharma's Board currently consists of four members. The company has no committees, but the work is performed by the board in its entirety, as it is not considered justified with separate audit or remuneration committees in view of the company's operations and the composition of the board. A presentation of the Board members can be found in the annual report on page 66.

	Attendance (no. of board meetings July 2019- Dec 2020)	Directors' fees July 2019- Dec 2020, tSEK	Independent i relation to		
			Elected	The company	Owners
Chairman of the Board, Peter Wolpert	35	1,638	2019	Ja	Ja
Board member, Mattias Klintemar	35	255	2015	Ja	Nej
Board member, Andrew B. Hochman	35	255	2019	Ja	Ja
Board member, Fredrik Granström	35	255	2019	Ja	Ja

### CEO AND OTHER SENIOR EXECUTIVES

The CEO reports to the Board and is primarily responsible for the company's day-to-day operations. The division of responsibilities between the Board and CEO is set out in the rules of procedure governing the activities of the Board and the instructions for the CEO. The CEO is also responsible for drafting reports and compiling information from management in preparation for Board meetings and for presenting the material at the meetings.

Under the instructions for financial reporting, the CEO is responsible for financial reporting in the company and is thus required to ensure that the Board obtains sufficient information to enable it to continuously evaluate Moberg Pharma's financial position.

The CEO is required to keep the Board informed of Moberg Pharma's development, the company's performance and financial position, liquidity and credit situation, important business events and other circumstances that cannot be assumed to be irrelevant for the company's shareholders (including material disputes, the termination of agreements that are important to Moberg Pharma and significant circumstances affecting the company's products and projects). The CEO and senior executives are presented in more detail in the annual report on page 66.

## REMUNERATION TO DIRECTORS AND SENIOR EXECUTIVES

### Remuneration to Directors

Fees and other remuneration to the Board of Directors, including the Chairman, are set by a Shareholders' Meeting. At the AGM on October 30, 2019, it was resolved that the Board's fees for 2020 (on an annual basis), totaling a maximum of SEK 870,000 excluding social security contributions, would be paid and distributed as follows: SEK 360,000 to the Chairman and SEK 170,000 thousand to each of the other Board members. In addition, it was resolved that supplementary remuneration of SEK 61,000 would be paid to Peter Wolpert in order to compensate for the additional work that Peter Wolpert will perform in the Company in the capacity of executive Chairman of the Board. None of the company's Board members are entitled to any benefits after stepping down from the Board.

### Remuneration of senior executives

At the AGM on October 30, 2019, the following guidelines were resolved for senior executives of Moberg Pharma: Moberg Pharma is to offer a market-aligned total remuneration package that facilitates the recruitment and retention of qualified senior executives. The remuneration paid to the Chief Executive Officer and other senior executives is to comprise basic salary, variable remuneration, other benefits and pension benefits. The total remuneration is to be based on the basic salary and is to be proportionate to the executive's responsibilities and authority. Variable remuneration is capped at 25–50% of each executive's basic annual salary, however the variable remuneration for the period of 2019-2020 can amount to a maximum of 15 monthly salaries in total for the two years. Variable remuneration is based on results achieved in relation to goals set by the Board of Directors. The pensionable salary comprises only the basic salary. To the extent that Board members perform work for the company or any other Group company, in addition to work on the Board of Directors, a market-aligned consultancy fee may be payable. In case of termination, the notice period is at least three months if this is on the initiative of the senior executive and between three and 12 months if the company takes the initiative. Severance amounts may apply, however total remuneration during termination including severance amounts will never be more than 12 months' salary, other than what has been stated above regarding variable remuneration for 2019-2020. Any share and share-price-related programs must be adopted by a Shareholders' Meeting. Allocation from such programs must comply with a resolution from a Shareholders' Meeting. With the exception of share-based remuneration that has been allocated and vested, and what is provided for under employment contracts as referred to

above, senior executives are not entitled to any post-employment/assignment benefits.

The Board of Directors is to be entitled to ignore the aforementioned principles for remuneration of senior executives if there are special reasons for so doing.

2020	Variable remuneration				Share-based remuneration <sup>23</sup>	Other remuneration	Total
	Basic salary <sup>21</sup>	Variable remuneration <sup>22</sup>	Other benefits	Pension-costs			
CEO, Anna Ljung	1,851	748	-	505	278	-	3,382
Other executives (5 persons)	6,288	2,736	-	847	521	-	10,392
<b>Total</b>	<b>8,139</b>	<b>3,484</b>	<b>-</b>	<b>1,352</b>	<b>799</b>	<b>-</b>	<b>13,774</b>

<sup>21</sup> Remuneration to Mark Beveridge has been paid in the form of consulting.

<sup>22</sup> Variable remuneration is attributable to the financial year 2020 and is paid during 2020 and 2021.

<sup>23</sup> These costs do not involve payment and do not affect the company's cash flow. Estimated costs for social security contributions is not included in the reported values.

### Share-based incentive schemes

Moberg Pharma has introduced share-based incentive schemes comprising employee stock options and performance share units designed to promote the company's long-term interests by motivating and rewarding senior executives and other employees. The employee stock options and the performance share units have been granted free of charge. All permanent employees who have been employed for at least 12 months as of December 31st, 2020 are included in the company's incentive schemes. The number of shares and stock options held by Board members, the CEO and other senior executives is presented in the annual report on pages 65–66.

The company's employee stock option scheme has a vesting period of more than three years.

### AUDIT

The auditor must audit the company's annual report and financial statements, as well as the administration of the company by the Board and the CEO. After the end of each fiscal year, the auditor is required to submit an audit report and consolidated audit report to the AGM.

The audit firm Ernst & Young Aktiebolag has been the company's auditor since 2007. Authorized Public Accountant Andreas Troberg has been the Auditor-in-Charge since fall 2016. The company's auditor is presented in more detail in the annual report on page 66.

### Remuneration to auditors

The remuneration paid to the auditor is subject to approval by a Shareholders' Meeting. The AGM on October 30, 2019 resolved to approve remuneration of the auditor on a continuous basis.

In 2020, remuneration of SEK 2.1 million was reported to the auditor, of which audit assignments accounted for SEK 1.1 million, audit work in addition to the assignment for SEK 1.0 million and other assignments for SEK 1.1 million. Audit assignments are defined as the examination of the annual report and accounting records and of the Board of Directors and CEO's administration of the company, other tasks incumbent on the auditor as well as advice and other assistance occasioned by

observations made in the course of such examinations or the performance of such other tasks. Audit work in addition to the assignment comprises examinations of interim reports and other opinions in accordance with the Swedish Companies Act.

#### **NOMINATION COMMITTEE**

The nomination committee submits proposals for electing the Chairman of the Board and other Board members, as well as proposals concerning remuneration and fees for Board members. The nomination committee also submits proposals concerning the election and remuneration of Auditors. The Nomination Committee's proposal was presented in a press release on April 19, 2020, <http://www.mobergpharma.com/press-releases/2021-04-19/nomination-committees-proposal-annual-general-meeting-2021>.

The AGM on October 30, 2019 resolved to entrust the Chairman of the Board to contact the three largest shareholders or groups of owners in terms of the number of voting rights (hereby referring to both directly registered shareholders and nominee registered shareholders), according to Euroclear's shareholder register on September 30, 2020. These parties are offered the opportunity to each appoint a representative, who together with the Chairman of the Board will make up the nomination committee for the time until a new nomination committee is appointed by mandate from the next AGM. If any of these shareholders declines the entitlement to appoint a representative, this entitlement transfers to that shareholder with the largest shareholdings after these shareholders until the Nomination Committee consists of four members.

If a member leaves the committee before their work is completed and if the committee considers it necessary to replace this member, the nomination committee will appoint a new member in accordance with the procedure above but based on Euroclear's shareholder register applicable as soon as possible after the member steps down. Any change in the composition of the nomination committee must be announced immediately. No fee is paid to members for their work on the committee. The nomination committee for the 2020 AGM was announced on Moberg Pharma's website and through a press release on November 5, 2020 and it consists of four members: Peter Wolpert, Chairman of the Board, Gillis Cullin, appointed by the Baltic Sea Foundation, Anders Lundmark and Konrad Ziobro, appointed by the Visually Impaired Foundation.

#### **INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING**

The overall purpose of internal controls is to obtain reasonable assurance that the company's operational strategies and goals are monitored, and that shareholders' investments are protected. Additionally, internal controls should provide reasonable assurance that external financial reporting is reliable, and prepared in accordance with generally accepted accounting practice, that applicable laws and ordinances are complied with and that the requirements of listed companies are observed. At Moberg Pharma, internal control over financial reporting is designed, for example, to ensure efficient and reliable management and accounting of purchases and sales, other income recognition and accounting of the company's financing arrangements.

The internal control environment mainly comprises the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

#### **Control environment**

The control environment at Moberg Pharma forms the framework of the direction and culture with which the company's Board and management communicate their messages to the organization. Internal management and control in accordance with customary frameworks is assigned high priority. Moberg Pharma's Board and management define and design decision paths, authorities and responsibilities that are clearly defined and communicated throughout the organization. The company's Board also strives to ensure that steering documents, such as internal policies and principles, cover identified areas of significance, and that these provide the right guidance to the work of the various executives in the company.

#### **Risk assessment**

The company's Board conducts continuous and systematic risk-assessment work aimed at identifying risks and taking the necessary actions to cope with them. Risk assessment is also designed to identify such risks that have a significant impact on internal control of financial reporting. The commercialization and development of new drugs is a risky and capital-intensive process. Risk factors considered of particular significance for Moberg Pharma's future development include competitors' results and price scenario, production, business partners and distributors, clinical studies, actions of public authorities, liability risks and insurance, integration risks, patent and trademarks, key individuals, cyclical sensitivity, future capital requirements and financial risk factors. A more detailed description of Moberg Pharma's risk exposure and how the company manages it can be found in the annual report on page 20.

#### **Control activities**

The primary purpose of control activities is to prevent, discover and rectify misstatements in financial reporting. Processes and activities have been structured to manage and address significant risks related to financial reporting. These activities include analytical updates and comparisons of the progress in terms of profits or items, reconciliation of accounts and balances, and approval of business transactions and collaboration agreements, powers of attorney and certification instructions, as well as accounting and valuation policies.

#### **Information and communication**

Moberg Pharma is a listed company in one of the most regulated industries in the world – pharmaceuticals. In addition to the high demands that NASDAQ OMX Nordic Stockholm and the supervisory authorities impose on the scope and accuracy of information, Moberg Pharma's internal information and communication functions are designed to ensure that correct financial and other corporate information is communicated to employees and other stakeholders. The company's internal instructions and policies, which are available for all employees, provide information on applicable procedures in all parts of the company and describe control functions and how they are implemented. The security of all information that could affect the market value of the company and the mechanisms to ensure that such information is communicated in a correct and timely fashion are cornerstones of the company's undertaking as a listed company. These two factors, and the procedures for managing them,

ensure that financial reports are received by all players in the financial market at the same time, and that they provide an accurate presentation of the company's financial position and performance.

#### Monitoring compliance

Monitoring compliance with internal policies, principles, manuals and codes as well as the appropriateness and functionality of the established control activities is conducted regularly. Measures and procedures for financial reporting are subject to regular follow up. Moberg Pharma's management conducts monthly performance follow-up, including an analysis of deviations from budget and the preceding period, also on a project level. The Board reviews the annual report and interim reports prior to publication. The Board meets the company's external auditor each year to discuss the company's internal control and financial reporting procedures.

#### Assessment of the need for internal audit

Moberg Pharma has no separate auditing function (internal audit). The Board evaluates the need for such a function annually and, in view of the company's size, with relatively few employees, and the scope of transactions, in which most significant transactions are similar in character and relatively uncomplicated, has not found it necessary to establish a formal internal audit function.

#### Compliance with the Swedish stock exchange rules, etc. during the fiscal year

During fiscal year 2020, Moberg Pharma was not subject to decisions passed by the NASDAQ OMX Nordic Exchange Stockholm's disciplinary committee or statements by the Swedish Securities Council regarding infringement of Nasdaq OMX Nordic Exchange Stockholm's regulations or accepted market practices.

Stockholm April 19, 2021



**Peter Wolpert**  
Styrelseordförande



**Fredrik Granström**  
Styrelseledamot



**Andrew B. Hochman**  
Styrelseledamot



**Mattias Klintemar**  
Styrelseledamot



**Anna Ljung**  
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