

# Corporate governance report



## Introduction

The Board of Directors of Hansa Medical AB (publ), company reg. no. 556734-5359 (the "company") hereby submits the 2017 corporate governance report in accordance with the requirements of the Swedish Annual Accounts Act (1995:1554) (Sw. årsredovisningslagen) and the Swedish Code of Corporate Governance (the "Code"; see the Swedish Corporate Governance Board website at [www.bolagsstyrning.se](http://www.bolagsstyrning.se)). The company's shares were admitted for trading on Nasdaq Stockholm in November 2015. The company's shares were previously, since 2007, listed on Nasdaq First North. The company's corporate governance is mainly regulated by the provisions of the company's articles of association, the Swedish Companies Act (2005:551) (Sw. aktiebolagslagen) and other Swedish legislation, the Nasdaq Stockholm Rulebook for issuers and the Code.

There are no deviations from the Code to report from the financial year of 2017.

The corporate governance report has been reviewed by the company's auditors in accordance with the Swedish Annual Accounts Act. It does not constitute a part of the formal annual report documents.

The group comprises the parent company, Hansa Medical AB, and its wholly-owned subsidiaries Cartela R & D AB and Immago Biosystems Ltd. Immago Biosystems Ltd is owner of patent rights to the Enze concept.

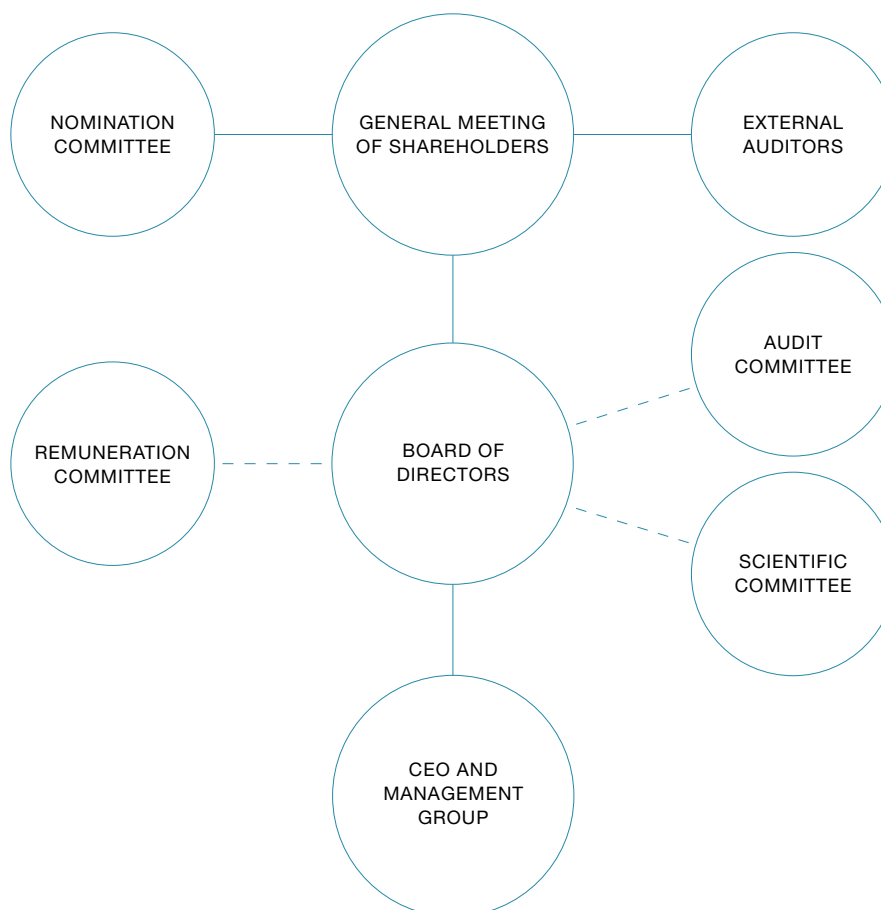
## Shareholders

There are no limitations on the transferability of Hansa Medical's shares due to legal restrictions or provisions of the articles of association. To Hansa Medical's knowledge, no agreement has been entered into between any shareholders which might limit the transferability of the shares. Nexttobe AB is the only shareholder owning more than 10 percent of the company's shares, by its shareholdings of 24.7 percent.

There was no infringement of Nasdaq Stockholm's rules and no breach of good practice on the securities market reported by the stock exchange's disciplinary committee or the Swedish Securities Council during the financial year.

### Hansa Medical's corporate governance model

The diagram set forth below illustrates Hansa Medical's corporate governance model and the central corporate bodies during 2017.



#### Significant external and internal regulations and policies which affect corporate governance:

##### Significant internal regulations and policies:

- › Articles of association
- › Instruction for the CEO, including the financial reporting instruction
- › Disclosure policy
- › Insider instruction
- › Finance policy
- › Risk management policy
- › Financial handbook
- › Staff handbook

##### Significant external regulations:

- › Swedish Companies Act
- › Swedish Accounting Act
- › Swedish Annual Accounts Act
- › International standards for audits and financial reporting (IFRS)
- › Nasdaq Stockholm Rulebook for issuers
- › Swedish Code of Corporate Governance

### Information regarding Hansa Medical's shares

The shares in the Company are divided into ordinary shares and C-shares. On 31 December 2017, the total number of shares was 38,208,386, with 37,807,386 ordinary shares and 401,000 C-shares, with a quotient value of SEK 1. Each ordinary share carries one vote and each C-share carries one tenth. Each person entitled to vote may vote for his or her full number of shares. Each share confers the right to an equally large percentage of the Company's distributable profits.

### General meeting

The Company's highest decision-making body is the general meeting, where the shareholders' influence over the Company is exercised. Shareholders who wish to participate at a general meeting, personally or through a proxy, must be entered in the share register maintained by Euroclear Sweden AB five business days prior to the general meeting and must give the Company notice of intention to attend as described in the notice to attend the general meeting. Notices to attend general meetings are given through advertisement as well as on the Company's website ([www.hansamedical.com](http://www.hansamedical.com)). The annual general meeting must be held within six months from the close of the financial year. At the annual general meeting, the shareholders adopt resolutions regarding, among other things: the board and auditors; the procedure for appointing the nomination committee; and discharge from liability for the board and the CEO in respect of the preceding year. Resolutions are also adopted regarding: adoption of the annual report; disposition of profits or treatment of losses; fees for the directors and auditors; and guidelines for remuneration to senior executives.

### 2017 Annual General Meeting

At the annual general meeting, which was held on May 23 2017, 25 shareholders representing 43.7 percent of the total number of votes in the Company were represented. The annual general meeting adopted the 2016 annual accounts, adopted a resolution regarding treatment of the Company's loss, and granted the directors and CEO a discharge from liability. The general meeting resolved that no dividend would be paid. In accordance with the proposals of the nomination committee, the general meeting resolved to re-elect Stina Gestrelus, Hans Schikan, Birgit Stattin Norinder, Per Olof Wallström, Angelica Loskog and Ulf Wiinberg as members of the board. Ulf Wiinberg was elected as chairman of the board. The general meeting adopted resolutions regarding election of an auditor and remuneration to the board and auditors in accordance with the nomination committee's proposal. The general meeting also resolved on guidelines for remuneration to senior management in accordance with the board of directors' proposal.

Minutes from the annual general meeting are available at Hansa Medical's web site ([www.hansamedical.com](http://www.hansamedical.com)). The annual general meeting 2018 will take place on 29 May 2018.

### 2015/2019 incentive programme

The annual general meeting 2015 resolved on an incentive program for all of the employees of the Company as follows.

The employees were offered the opportunity to acquire warrants entitling them to exercise the warrants for subscription of shares in the Company at a price equal to the market value of the share at the time of the issuance of the warrants (SEK 36.04) adjusted upwards annually in the amount of seven per cent. Subscription for shares may take place during the period commencing 15 June 2018 up to and including 15 June 2019. This entails that the subscription price after three years will be approximately 122.5 per cent of the current market value of the share and after four years will amount to approximately 131.1 per cent.

Cartela R & D AB, the Company's subsidiary, is entitled to subscribe for warrants. The warrants were issued without payment of any consideration and Cartela R & D AB subsequently transferred the warrants to employees of the Company. The reason that the warrants were issued to Cartela R & D AB is that the Company was able, in this way, to include terms and conditions with a right for the Company to repurchase the warrants in the event the participant's employment with the Company terminates, which would not have been possible if the warrants had been issued directly to the employees. The warrants were transferred to the Company's employees on market terms and conditions at a price established based on a calculated market value for the warrants applying the Black & Scholes valuation model calculated by PricewaterhouseCoopers, a valuation institute independent of the Company. The value was established as SEK 8.40 per warrant based on a share price of SEK 36.04. The total number of warrants issued by the shareholders' meeting on 2 June 2015 was 400,000, which corresponds to a dilution effect of 1.2 per cent of the number of shares and votes if all of the warrants are exercised. All of the warrants were subscribed for by Cartela R & D AB. 355,000 warrants were subsequently transferred to the employees of the Company, corresponding to a dilution effect of 1.1 per cent of the number of shares and votes if all of the warrants are exercised. For all employees, with the exception of the former CEO, up to 60 per cent of the employee's premium is subsidized and the employees have received a one-time bonus as a part of the warrant purchase. The degree of subsidization varies depending on the term of employment with the Company. The bonus payment affected the Company's earnings in the amount of approximately SEK 1,500 k. The subsidy in the amount of approximately SEK 800k is booked as a current expense during the term of the warrants. In the event a warrant holder's employment with the Company terminates before the warrants are exercised and the Company elects to buy back the warrants according to the repurchase condition, the buyback must take place at market value less any subsidy received.

### Long-term incentive programme 2016

An extraordinary general meeting in Hansa Medical was held on 21 November 2016, regarding resolutions to carry out a directed issue of ordinary shares and a proposal to adopt a long-term incentive programme for employees within Hansa Medical.

At the extraordinary general meeting, it was resolved to adopt a long-term incentive programme in the form of a performance based share programme for employees of the group ("LTIP 2016"). LTIP 2016 has been implemented to motivate and retain competent employees as well as for the alignment of the targets of the employees with those of the shareholders and the Company, as well as to increase the motivation of meeting and exceeding the Company's financial targets.

Participants who, with certain exceptions, are employed by Hansa Medical during the entire programme period of three years will, by the end of the period, receive so called performance shares, i.e. listed Hansa Medical shares, free of charge, provided that the total shareholder return (the return to shareholders through an increased share price and reinvestments of any dividends during the vesting period) on the Company's ordinary shares exceeds 25 percent (maximum allotment is obtained if the total shareholder return amounts to 100 percent) during the programme period.

As of December 31 2017, 26 employees had chosen to participate in LTIP 2016, meaning that the total number of shares which may be allotted under LTIP 2016 will not exceed 289,750 ordinary shares. Together with a maximum of 96,000 ordinary shares which may be used to secure social charges arising as a result of LTIP 2016, this corresponds to in total 1.1 percent of the existing number of ordinary shares in Hansa Medical. The costs for LTIP 2016 are reported in accordance with IFRS 2.

### Nomination committee

Prior to the 2018 annual general meeting, Hansa Medical's nomination committee comprises Erika Kjellberg Eriksson (representing Nexttobe AB), Max Mitteregger (representing Gladiator) and Sven Sandberg (representing Thomas Olausson). It also includes the chairman of the board Ulf Wiinberg. Erika Kjellberg Eriksson has been elected as chairman of the nomination committee.

The nomination committee prepares a proposal regarding the number of directors and persons to be elected as directors, including the chairman, and a proposal for remuneration to the chairman and the other board members, as well as a proposal for remuneration for the board members' committee work. The nomination committee also proposes election of auditors including remuneration to the auditor. Finally, the nomination committee proposes principles for the nomination committee prior to the annual general meeting 2019. The proposals will be published in connection with the notice to the annual general meeting 2018.

### External auditors

The external audit of the accounts of the parent company and the Group, as well as of the management by the board and the CEO, was carried out in accordance with generally accepted accounting standards in Sweden. The auditor participates in at least one board meeting per year, going through the accounts for the year and leading a discussion with the directors without the CEO or any other senior executive present.

Pursuant to the articles of association, Hansa Medical must have a registered accounting firm as its external auditor. The accounting firm KPMG AB has been the auditor of the Company since the 2015 annual general meeting, with certified public accountant Dan Kjellqvist as the auditor in charge. The annual general meeting 2017 resolved to re-elect KPMG AB as auditor with Dan Kjellqvist as auditor in charge. Dan Kjellqvist is a member of the Swedish Institute of Authorized Public Accountants. Dan Kjellqvist was personally the Company's auditor commencing at the time of the 2014 annual general meeting up to and including the annual general meeting held in 2015. For information regarding fees paid to the auditors, please refer to note 6 in the 2017 annual report.

## Board of Directors

The overall task of the board is to manage the affairs of the Company in the best possible manner on behalf of the shareholders. The board must continuously evaluate the Group's operations, development and financial situation, as well as the operative management. The board of directors decides upon, among other things: issues concerning the Group's strategic focus and organization; business plans; financial plans and budget; significant agreements; major investments and commitments; and finance, disclosure, and risk management policies. The board must also ensure that the Company prepares insider instructions. The board works according to rules of procedure which are adopted annually and which govern the frequency and agenda of board meetings, distribution of materials for meetings, and matters to be presented to the board for information or for a decision. The rules of procedure also govern how the board work is allocated among the board and its committees. The board has also adopted CEO instructions which govern the allocation of work among the board, the chairman, and the CEO, and which defines the CEO's authority.

The chairman must keep himself well informed about, and monitor, the Company's business. The chairman is responsible for ensuring that the board's work is carried out efficiently and that the board fulfils its obligations in accordance with applicable laws and regulations, the Code, the articles of association, resolutions of the general meeting, and the board's own rules of procedure. The chairman is also responsible for ensuring that the board carries out the decisions that are made and that their work is evaluated. Further on, the chairman is also responsible for ensuring that the directors regularly update their knowledge about the Company and that new directors receive necessary introductory training.

The chairman represents the Company in ownership questions and is responsible for the day-to-day contact with the CEO and senior executives. The chairman must also approve remuneration and other employment terms and conditions for senior executives. The chairman is also responsible for the Company's archives, in which minutes from all directors meetings and general meetings must be saved.

The chairman prepares board meetings together with the CEO. The notice of the meeting and the agenda are sent to the directors only after they have been approved by the chairman of the board of directors. After this, the notice is sent together with sufficient decision-making documentation to the directors. Each and every board meeting includes a review of the business, including development and advances within research and development, business develop-

ment, consolidated earnings and financial position, financial reports, and forecasts.

Pursuant to the articles of association, the board must comprise not less than three and not more than ten directors elected by the general meeting. The board is quorate when more than half of the directors are present. The articles of association do not contain any provisions regarding appointment or dismissal of directors or regarding amendment of the articles of association.

Directors' fees were set at the Company's 2017 annual general meeting for a period up to and including the next annual general meeting. The fees for the board of directors' work in 2017 were set as follows. The chairman is paid SEK 600,000, and each other director besides Angelica Loskog is paid SEK 150,000, SEK 40,000 is paid to the chairman and SEK 30,000 is paid to each other board member in the audit committee, SEK 40,000 is paid to the chairman and SEK 25,000 is paid to each other board member in the remuneration committee and SEK 25,000 is paid to each board member in the scientific committee. No remuneration other than the above mentioned fees have been paid to the board of directors except for a consulting fee for Hans Schikan of SEK 90,000. No pension premiums or similar benefits were paid to directors. None of the directors are entitled to benefits after completion of their duties. Please see the management report and note 5 in the 2017 annual report for additional information regarding employment terms and conditions for the board and senior executives.

### Directors

Pursuant to the articles of association, Hansa Medical's board must comprise not less than three and not more than ten directors. The board currently comprises six individuals, including the chairman. Each director's term continues until the end of the next annual general meeting.

The following is a list of the directors, containing information regarding their years of birth and election to the board, education, work experience, engagement in the Company and other significant engagements and holdings in the Company as of March 21 2018. Holdings in the Company includes one's own holdings as well as those of closely-related persons.



### Ulf Wiinberg

Chairman of the board since 2016. Member of the board and acting CEO during the period November 9, 2017 and March 20, 2018.

Ulf Wiinberg is an experienced healthcare industry professional who has served on the boards of several healthcare industry associations. At Wyeth, he has been both President of the global consumer health care business and President for the European pharma business and he has also held the position as CEO of H Lundbeck A/S, a pharmaceutical company specialized in psychiatric and neurological disorders, for several years. Ulf is a non-executive member of the board of Alfa Laval AB, Agenus Inc and at the Belgian pharmaceutical company UCB. He is also chairman of the board of Sigrid Therapeutics AB as well as CEO and chairman of the board of Ulf Wiinberg consulting&invest AB. Born 1958.

Ulf is chairman of Hansa Medical's remuneration committee, and member of the audit committee.

Independent of Hansa Medical and its senior management. Independent of major shareholders of Hansa Medical.

**Holdings:** 75,000 shares



### Birgit Stattin Norinder

Member of the board since 2012. Chairman of the board during the periods September 2014 and June 2016 as well as November 9, 2017 and March 20, 2018.

Birgit has extensive experience from international pharmaceutical and biotechnology companies. She has managed several research and development departments, resulting in a number of novel and approved pharmaceuticals. She has held positions such as CEO and chairman of the board at Prolifix Ltd., Senior VP Worldwide Product Development, Pharmacia & Upjohn and Dir. Int. Reg. Affairs Division, Glaxo Group Research Ltd. Birgit has also held a number of board and chairman positions of European biotechnology companies. She is member of the board of AddLife AB, Jettesta AB and Nicox S.A. Birgit holds a M.Sc. in Pharmacy from Uppsala University. Born 1948.

Birgit is chairman of Hansa Medical's scientific committee, and member of the audit committee and the remuneration committee.

Independent of Hansa Medical and its senior management. Independent of major shareholders of Hansa Medical.

**Holdings:** 39,205 shares



### Dr. Stina Gestrelius

Member of the board since 2007

Stina has 40 years of experience in the pharmaceuticals and biotechnology industries. Entrepreneur and previously Head of Research at Biora AB and Deputy CEO of Medicon Valley Alliance. She is currently working with evaluation of research and innovation project proposals via the consultancy company SigridScience and has held several board positions of Scandinavian biotechnology companies including BioActive Polymers AB, Biora AB, Biogaia AB (publ), Clavis Pharma ASA (publ) and Lipopeptide AB. Stina holds a M.Sc. and Ph.D. in Applied Biochemistry from Lund University. Born 1949.

Stina is member of the Hansa Medical's scientific committee.

Independent of Hansa Medical and its senior management. Independent of major shareholders of Hansa Medical.

**Holdings:** 5,833 shares



### Per-Olof Wallström

Member of the board since 2011

Per-Olof has extensive experience from various positions in the international pharmaceutical and biotechnology industry, including senior management positions at Merck, Astra, Pharmacia and Bistol-Meyers Scquibb. In addition, he has served as CEO of Q-Med AB, Melacure Therapeutics AB and Karo Bio AB. Per-Olof is also member of the boards of Camurus AB (chairman), Arosia Communication AB (founder) and NeoDynamics AB (member). Per-Olof holds a M.Sc. in Pharmacy from Uppsala University. Born 1949.

Per-Olof is chairman of Hansa Medical's audit committee.

Independent of Hansa Medical and its senior management. Independent of major shareholders of Hansa Medical.

**Holdings:** 23,000 shares



### Hans Schikan

Member of the board since 2015

Hans has more than 25 years' international (bio) pharma company experience. He is currently chairman of the board of Asceneuron (Switzerland), Complix (Belgium) and InterNA Technologies (The Netherlands) and member of the board of Sobi and Wilson Therapeutics (Sweden) as well as Therachon (Switzerland). He is also member of the Core Team of the Dutch Top Sector Life Sciences & Health and adviser to several life sciences companies. His past experience includes inter alia CEO of Prosensa (The Netherlands). Hans holds a Pharm.D. degree from the University of Utrecht, The Netherlands. Born 1958.

Hans is member of Hansa Medical's remuneration committee and scientific committee.

Independent of Hansa Medical and its senior management. Independent of major shareholders of Hansa Medical.

**Holdings:** 10,000 shares



### Dr. Angelica Loskog

Member of the board since 2016

Angelica Loskog is Doctor of Philosophy (Faculty of Medicine) and adjunct professor at the Department of Immunology, Genetics and Pathology at Uppsala University. She has a wide experience and is scientific advisor to Nexttobe, CEO of Lokon Pharma AB, and chairman of Vivolux AB as well as Repos Pharma AB and member of the board of Biomics AB. Born 1973.

Angelica is member of Hansa Medical's scientific committee.

Independent of Hansa Medical and its senior management.

**Holdings:** –

### The Board of Directors' work in 2017

During 2017, the board has held fifteen meetings, of which nine were held per telephone and one was the inauguration meeting. The board has also made resolutions per capsulam at four occasions during 2017. In 2017, the board primarily worked with the following issues: a resolution to carry out a new share issue, evaluation of appropriate new clinical studies with IdeS and organizational issues.

At the board meetings held during the 2017 financial year, the directors were present as set forth below. The number of meetings and the maximum number of directors who could have been present are stated in parentheses during the financial year.

#### The reporting period is 1 January – 31 December 2017

Director	Elected	Present at meetings of the board	Present at meetings of the remuneration committee	Present at meetings of the audit committee	Independent in relation to the company and corporate management	Independent in relation to the company's largest shareholders
Ulf Wiinberg	2016	15 (15)	2 (2)	4 (5)	No	Yes
Birgit Stattin Norinder	2012	14 (15)	2 (2)	5 (5)	Yes	Yes
Stina Gestrelus	2007	15 (15)	–	–	Yes	Yes
Per-Olof Wallström	2011	15 (15)	–	5 (5)	Yes	Yes
Hans Schikan	2015	15 (15)	2 (2)	–	Yes	Yes
Angelica Loskog	2016	15 (15)	–	–	Yes	No

#### Evaluation of the Board of Directors' work

Pursuant to the Code, the board of directors is to evaluate its work annually, using a systematic and structured process, with the aim of developing the board's working methods and efficiency. The evaluation has been carried out by the chairman of the board by, in the end of 2017, interviewing the directors with questions about the work of the board of directors. The result of the responses has been compiled in a report which has been declared to the directors and the members of the nomination committee.



## Board committees

### Remuneration committee

The remuneration committee consists of Ulf Wiinberg, chairman, Birgit Stattin Norinder and Hans Schikan. The remuneration committee is charged with performing the duties set forth in the Swedish Corporate Governance Code. The committee is obligated to keep minutes of its meetings and make the minutes available to the Board of Directors. During the period between November 9 2017 to March 20, 2018 Birgit Stattin Norinder was chairman of the remuneration committee and Ulf Wiinberg excluded as a member.

The primary duties of the remuneration committee are to:

- › prepare decisions for the Board of Directors regarding remuneration principles, remuneration and other employment terms and conditions for senior management, among other things by proposing to the Board of Directors the guidelines for remuneration to senior management, to be adopted at the annual general meeting of the shareholders;
- › monitor and evaluate any programs pending or adopted during the year for variable compensation for senior management; and
- › monitor and evaluate the application of the guidelines for remuneration adopted by the annual general meeting, as well as applicable remuneration structures and levels for the Company.

### Audit committee

The audit committee consists of Per-Olof Wallström, chairman, Birgit Stattin Norinder and Ulf Wiinberg. The committee is obligated to keep minutes of its meetings and make the minutes available to the Board of Directors. The audit committee shall perform the duties incumbent upon audit committees as required by law and the Swedish Code of Corporate Governance. Hans Schikan was a member of the committee instead of Ulf Wiinberg between November 9, 2017 and March 20, 2018.

The primary duties of the audit committee are to:

- › monitor the Company's financial reporting;
- › with respect to the financial reporting, monitor the effectiveness of the Company's internal controls, internal audit and risk management;
- › inform itself of the audit of the annual reports and group accounts;
- › review and monitor the auditor's impartiality and independence and, in this context, particularly monitor whether the auditor is providing the Company with services other than auditing services;

- › take decisions regarding guidelines for services other than the auditing services which the external auditor can provide the Company;
- › assume responsibility for the preparation of the Board of Directors' work by ensuring that the Company's financial reporting maintains high standards;
- › assist the nomination committee in the preparation of proposals for resolutions by the shareholders' meeting regarding the choice of auditor and fees for the auditor's work;
- › meet with the Company's auditor on a regular basis in order to obtain information regarding the focus and scope of the audit and to discuss the coordination between the external auditor and internal procedures for overview and insight into the Company's risks;
- › evaluate the auditor's work and inform the Company's nomination committee or, where applicable, special nomination committee regarding the results of the evaluation; and
- › assist the nomination committee in the preparation of proposals for nomination of the external auditor prior to the annual general meeting and proposals for fees for the external auditor's work.

### Scientific committee

The scientific committee consists of Birgit Stattin Norinder, chairman, Hans Schikan, Angelica Loskog and Stina Gestrelus. The committee is obligated to keep minutes of its meetings and make the minutes available the Board of Directors.

The primary duties of the scientific committee are to:

- › assist the Board of Directors with recommendations regarding the Company's research and development strategies and possibilities;
- › perform such other duties as are considered necessary and appropriate in conjunction with the work set forth above; and
- › perform such other duties as instructed by the Board of Directors from time to time.

The scientific committee has not had any separate meetings during 2017, but the duties above were handled at board meetings in February, September and December 2017.

## Company management

The board appoints a CEO to manage the company. In addition to the CEO, there are seven individuals who make up company management:

- › Senior Vice President, Research and Development
- › Vice President, Chief Financial Officer
- › Vice President, Project Management
- › Vice President, Business Development and Investor Relations
- › Vice President, Commercial Operations
- › Vice President, Regulatory Affairs
- › Vice President, Corporate Strategy

The management group holds meetings every month to discuss the Group's earnings and financial position, the status of research and development projects, strategic issues, and follow-up of budgets and forecasts.

### The CEO's responsibility

The CEO is responsible for managing the Company's day-to-day operations pursuant to the board's guidelines and instructions. The CEO is also responsible, in accordance with the board's written instructions, for preparing and presenting to the board issues which fall beyond the scope of day-to-day management and he must act in accordance with the instructions to the CEO adopted by the board, the decisions of the board and the general meeting, and in the best interests of all shareholders. He must also respect the fiduciary duty and duty of confidentiality which apply to affairs and circumstances which might cause damage to the Company if disclosed, as well as the duty to report matters and circumstances which are material to the Company.

The CEO must take any and all measures which are necessary to ensure that the Company's bookkeeping is legally compliant and to ensure that funds are managed in a satisfactory manner. Accordingly, it is the CEO's responsibility to ensure that the Company has good internal management and routines to ensure application of the adopted principles for financial reporting and internal control. The CEO shall each month (with the exception of January and July) compile a report regarding the Company's financial situation. He is responsible for ensuring that the Company complies with applicable laws and guidelines, including Swedish law, the Nasdaq Stockholm Rulebook for issuers and the Code. The CEO must ensure, at a minimum, that the six-month report or the nine-month report is examined by an auditor. The CEO also has specific responsibility to ensure the competitive supply of all purchases of goods or services exceeding SEK 1 million. The CEO must provide the board with all necessary background information and documentation, both before and between board meetings. The CEO must attend board meetings unless the chairman informs him that he need not attend.

The CEO must also attend all general meetings of the Company, including both annual general meetings and extraordinary general meetings. The CEO may not have any engagements outside of the Company without the board's approval.

The CEO is also responsible for implementing the strategy approved by the board and to propose such other strategies and operational measures to the board which he deems appropriate. The CEO is responsible for the Company's internal organization, but must obtain the board's approval prior to major organizational changes. The CEO is responsible for issuing and maintaining instructions for delegation to senior executives of the Company. He is also responsible for entering into or terminating employment agreements and for other employment terms and conditions; however the chairman's approval is necessary for such issues in respect of senior executives.

In a serious crisis situation, it is the CEO's responsibility to inform the board immediately and, if necessary, to form and instruct a crisis committee and to prepare a contingency plan for the business. The CEO must immediately report any event or procedure which he suspects may be significantly adverse to the business or the Company's financial position, e.g. a liquidity crisis, to the chairman.

Information regarding the CEO's age, primary education, work experience, significant engagements outside of Hansa Medical, and his holdings of shares in the Company and those of closely-related persons are set forth below.

### Senior executives

Hansa Medical's senior executives currently comprise eight individuals: the President and the CEO Søren Tulstrup; the Senior Vice President, Research and Development Christian Kjellman; the Vice President, Chief Financial Officer Eva-Maria Joed; the Vice President, Project Management Lena Winstedt; the Vice President, Business Development and Investor Relations Emanuel Björne; the Vice President, Commercial Operations Henk Doude van Troostwijk; the Vice President, Regulatory Affairs Karin Aschan and the Vice President, Corporate Strategy Max Sakajja.

Hansa Medical's current senior executives, the years when they assumed their positions, their years of birth, education, work experience, significant engagements outside the Company and holdings in Hansa Medical as of March 21 2018 are listed below. Holdings in the Company includes both one's own holdings and/or those of closely-related persons.



### Søren Tulstrup

CEO

Søren Tulstrup is President and CEO of Hansa Medical since March 2018. Søren Tulstrup has a broad and extensive background as senior executive in the global biopharma industry. Recently, he served as CEO of Vifor Pharma AG (VTX:VIFN), Switzerland-based global pharmaceutical company with a market-leading position within chronic kidney disease. Prior to joining Vifor Pharma, he served as Senior Vice President, Global Franchise Head, MPS at Shire Pharmaceuticals, CEO of Santaris Pharma A/S, (now part of Roche). Furthermore, Søren has served in several senior commercial roles within Merck & Co., Inc. and Sandoz Pharma AG (Novartis). He holds a M.Sc., Economics and Business Administration from Copenhagen Business School. Born 1965.

**Shareholding:** –  
**Share warrants:** –



### Christian Kjellman

Senior Vice President, Research and Development

Christian joined Hansa Medical in 2008 after serving at Biolnvent AB as Senior Scientist focusing on novel target evaluation and antibody technology. Prior to that, he functioned as Head of Research at the biopharmaceutical development company Cartela AB, mainly focusing on novel drug target evaluation. He has extensive research experience in cell- and molecular biology and as an Assistant Professor in Molecular Genetics at Lund University. Christian holds a M.Sc. in Chemical Biology and a Ph.D. in Tumour Immunology from Lund University. Born 1967.

**Shareholding:** –  
**Share warrants:** 40,000



### Eva-Maria Joed

Vice President, Chief Financial Officer

Eva-Maria joined Hansa Medical in 2015 and brings long and wide experience within finance to the company. She has held positions both as Chief Accountant and CFO and worked in international companies such as Kemira Kemi AB, Johns Manville AB within the Berkshire Hathaway group and Procordia Food AB. She has also been responsible for implementing new financial systems and policies, and for IT. Eva-Maria holds a M.Sc. in Business and Economics from Lund University. Born 1969.

**Shareholding:** 1,000  
**Share warrants:** 25,000



### Emanuel Björne

Vice President, Business Development and Investor Relations

Emanuel joined Hansa Medical in 2007 counting more than 10 years of operational experience from Scandinavian Pharma and Biotech industry (Biolin Scientific, Polypeptide Labs and Hansa Medical) serving as Business Analyst, Analytical Chemist and CEO. Emanuel holds a M.Sc. in Engineering Physics (biophysics core) from Lund University and the University of California at Santa Barbara. Born 1973.

**Shareholding:** 21,300  
**Share warrants:** 15,000



### Max Sakajja

Vice President, Corporate Strategy

Max joined Hansa Medical in 2017. He has broad corporate development background and had previously worked with corporate finance at Biovitrum/SOBI in the position of Director Mergers & Acquisitions. Before joining Hansa Medical, Max worked with strategy and business development at Envirotainer as the Global Product and Service Development Manager. Max holds a M.Sc. in Biotechnology from the Royal Institute of Technology. Born 1981.

**Shareholding:** 3,100  
**Share warrants:** 25,000



### Karin Aschan

Vice President, Regulatory Affairs

Karin joined Hansa in 2016. She has a long experience from working within Regulatory Affairs, initially at AstraZeneca, and has worked on EU and US projects in all clinical trial phases through registration up to marketing phase. Karin has held the position as Head of Regulatory Affairs at Active Biotech and at Clinical-DataCare. She has also been working as an independent regulatory consultant. Karin holds a M.Sc. in Pharmacy from Uppsala University. Born 1961.

**Shareholding:** –  
**Share warrants:** –



### Henk Doude van Troostwijk

Vice President, Commercial Operations

Henk has extensive management experience in sales and marketing in the areas of transplantation and orphan drugs. Before joining Hansa Medical in 2016, Henk served as General Manager of European Commercial Operations and Emerging Markets at Raptor Pharmaceuticals, an orphan disease focused global biopharma company based in the US. Prior to that, he held the position of Business Unit Director Oncology and Transplantation at Genzyme Europe BV. Henk holds an MBA from Henley Management College at the University of Reading, UK. Born 1965.

**Shareholding:** –  
**Share warrants:** –



### Lena Winstedt

Vice President, Project Management

Lena carries extensive experience from clinical development of biopharmaceuticals and small molecules. Before joining Hansa Medical in 2011, she served as Clinical Project Manager at Biolnvent International AB focusing on Phase I clinical trials for biopharmaceuticals in Europe and in the United States. Prior to that she functioned as International Clinical Project Manager at Genmab A/S and Clinical Research Associate at H. Lundbeck AB. Lena holds an M.Sc. in Molecular Biology from Lund University and the University of Glasgow and a Ph.D. in Microbiology from Lund University. Born 1969.

**Shareholding:** 665  
**Share warrants:** 30,000

# Internal control and risk management in respect of the financial reporting

## Introduction

The following description is based on guidelines issued in 2008 by the Confederation of Swedish Enterprise and FAR.

The Company's internal control procedures in respect of the financial reporting have been formulated to ensure, with reasonable certainty, quality and accuracy in the reporting. The procedures are designed to ensure that the reporting is prepared in accordance with applicable laws and regulations as well as the requirements which are imposed on companies with shares admitted for trading on a regulated marketplace in Sweden. The important prerequisites for achieving this are: (i) the existence of a satisfactory control environment; (ii) the execution of reliable risk assessments; (iii) the existence of established control structures and control activities; and (iv) satisfactory information, communications and follow-up.

## Internal audit

The board has evaluated the need for an internal audit function and has concluded that it is not warranted for Hansa Medical due to the scope of the operations and because the board's follow-up of the internal control is deemed sufficient to ensure that the internal control is effective. The board will review the need in the event of changes which may give rise to re-evaluation and at least once annually.

## Control environment

Internal control is based on Hansa Medical's control environment, which comprises the values and ethics from which the board, the audit committee, the CEO, the management group, and other employees communicate and operate. The control environment also includes the Company's organizational structure, leadership, decisional structure, decision-making authority, responsibility, and employee proficiency.

## Risk assessment

Risk identification and evaluation must be carried out in the manner described above including regarding risks in respect of the financial reporting. As part of this procedure, items in the income statement and balance sheet entailing a great risk of significant error are identified. For Hansa Medical, accrued project costs in the Company's clinical projects have, at various times, involved significant amounts. The size of these is based, to great extent, on senior management's assessment of the degree of completion. For Hansa Medical, cash and equivalents, as well as current investments, comprise a significant percentage of the Company's total assets and are therefore deemed to give rise to a risk in the financial reporting. Moreover, the fact that Hansa Medical's administration is handled by a small number of individuals is listed as a risk since the dependency on a small number of key individuals becomes great and the possibility to allocate tasks and responsibility becomes limited. The Company's financial handbook includes controls to prevent and detect shortcomings in these areas.

## Control structure and control activities

The board's rules of procedure and the instructions for the CEO and board committees ensure a clear allocation of roles and responsibility. The board has overall responsibility for internal controls. The CEO is responsible for the development of the system of routines, procedures and controls for the day-to-day operations. This includes, among other things, guidelines and role descriptions for the various decision-makers as well as regular reporting to the board based on established routines. Policies, procedures, routines, instructions and templates for the financial reporting and the day-to-day administrative financial operations and financial issues are documented in Hansa Medical's Financial Handbook. Routines and activities have been designed to manage and rectify significant risks which are related to the financial reporting and which are identified in the risk analysis. The most significant, overall, group-wide corporate governance documents are the work procedures for the Board of Directors, instructions for the CEO, financial policy, disclosure policy, insider instructions, and risk management policy.

The primary purpose of control activities is the prevention and early-stage detection of errors in the financial reporting so that they can be addressed and corrected. There are manual and automated control activities on both the overall and more detailed levels. Access to IT systems is limited in accordance with powers and authorization. The CFO must compile monthly financial reports which, among other things, are to report earnings and cash flow for the preceding period and state budget deviations. These reports, and above all the budget deviations, must be analysed and commented upon by company management. Follow-up takes place through regular meetings for review of these reports and analyses with the various managers and project managers. In this way, significant fluctuations and deviations are followed-up, minimizing the risk of errors in the financial reporting. The work involved with annual accounts and annual reports are processes which pose additional risks for errors in the financial reports. This work is of a less repetitive nature and contains more evaluative elements. Important control activities include, among other things, ensuring that there is a properly functioning reporting structure in which the various managers and project managers report pursuant to standardized reporting templates, and that important income statement and balance sheet items are specified and commented upon.

## Information and communication

The informational activities are governed by an information policy. There are guidelines for external communications which ensure that the Company meets high standards for providing correct information to the shareholders and the financial market. Hansa Medical's communications must be characterized by transparency and must be correct, relevant, reliable and clear; they may not be misleading. A uniform strategy for external communications reduces the risk of erroneous information, rumours, and misunderstandings. All communications must take place in accordance with Nasdaq Stockholm's Issuer Rules, the Swedish Code of Corporate Governance,

and the laws and requirements imposed on Swedish companies whose shares are admitted for trading on a regulated marketplace. The policy applies to all employees and directors of Hansa Medical and applies to both oral and written information.

The board releases annual reports, financial statements and interim reports. All financial reports are published on the website ([www.hansamedical.com](http://www.hansamedical.com)) after having first been published pursuant to Nasdaq Stockholm's rules and regulations. The annual report is made available on the website and is provided as a hard copy to those shareholders who so wish.

### Follow-up

The board's follow-up of internal controls in respect of the financial reporting takes place, among other things, through follow-up of the work and reports of the CFO and the external auditors. The work includes ensuring that measures are taken in respect of the shortcomings and proposed measures generated in conjunction with the external audit. The focus of the follow-up is Hansa Medical's compliance with its own rules and the existence of efficient and suitable processes for risk management, operational management, and internal control. Each year, the external auditor follows up on the selected elements of the internal control within the parameters of the statutory audit.

The auditor reports the results of the examination to the board and company management. Significant observations are reported, where applicable, directly to the board.

The CEO is responsible for compiling all experience from the Company's risk management work and, following discussions with company management, proposing any changes which the CEO deems necessary or applicable. The board will decide on any changes.

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## Auditor statement on the corporate governance report

To the Annual General Meeting of Hansa Medical AB, company reg. no. 556734-5359.

The Board of Directors is responsible for the corporate governance report for 2017 set forth on pages 89–101 and for ensuring that it is prepared in accordance with the Annual Accounts Act. We have read the corporate governance report and evaluated its statutorily-required content based on our knowledge of the Company in order to form our opinion regarding whether the corporate governance report has been prepared and is consistent with the Annual Accounts Act and the consolidated accounts. We believe that a corporate governance report has been prepared and that its statutorily-required information is consistent with the Annual Accounts Act and the consolidated accounts.

Malmö, April 10 2018  
KPMG AB

Dan Kjellqvist  
*Authorized public accountant*  
*Lead auditor*

Jonas Nihlberg  
*Authorized public accountant*

