

Corporate governance report



Introduction

The Board of Directors of Hansa Biopharma AB (publ), Company reg. no. 556734-5359 ("Hansa Biopharma" or the "Company") hereby submits the 2018 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). 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.

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 Biopharma AB, and its wholly-owned subsidiaries Cartela R&D AB, Immago Biosystems Ltd and Hansa Medical Inc. Hansa Medical Incorporated was registered in May 2018 and by the end of 2018 there were three employees in the Company. Immago Biosystems Ltd is owner of patent rights to the Enze concept.

On the 20 December 2018, the Company published a press release informing that a name change of the Company had been registered at the Swedish Companies Registration Office. The Company changed name from "Hansa Medical AB" to "Hansa Biopharma AB".

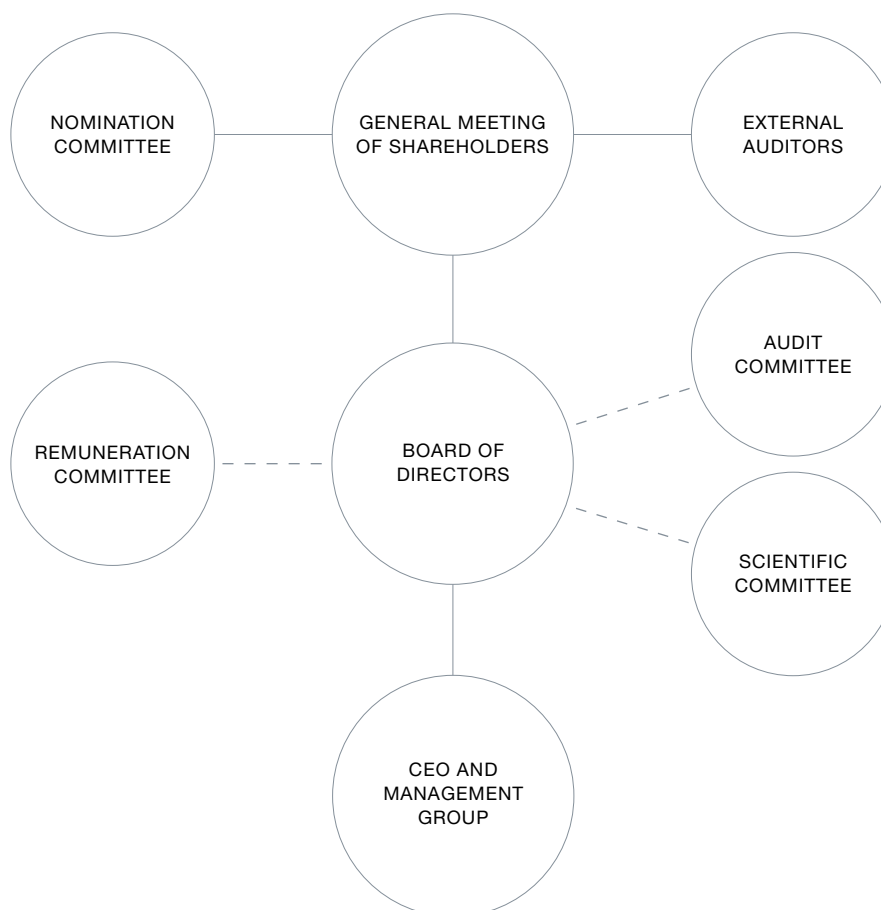
There are no deviations from the Code to report from the financial year of 2018. No infringements of Nasdaq Stockholm's rules and no breach of good practice on the securities market was reported by the stock exchange's disciplinary committee or the Swedish Securities Council during the financial year.

Shareholders

There are no limitations on the transferability of Hansa Biopharma's shares due to legal restrictions or provisions of the articles of association. To Hansa Biopharma'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 14.4 percent.

Hansa Medical's corporate governance model

The diagram set forth below illustrates Hansa Biopharma's corporate governance model and the central corporate bodies during 2018.



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

Significant internal regulations and policies:

- › Articles of association
- › Rules of procedure for the Board of Directors
- › 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 December 31, 2018, the total number of shares was 40,681,654 with 39,959,890 ordinary shares and 721,764 C-shares, with a quotient value of SEK 1. After the end of the year, additional shares have been issued and there are (March 21, 2019) 40,731,654 total shares in the Company, of which 40,026,107 are ordinary shares and 705,547 are C-shares. Each ordinary share carries one vote and each C-share carries one tenth. All C-shares are owned by the Company. 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.hansabiopharma.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.

2018 Annual General Meeting

At the annual general meeting, which was held on May 29, 2018, 104 shareholders representing 44.7 percent of the total number of votes and 44.4 percent of the total number of shares in the Company were represented. The annual general meeting adopted the 2017 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 Gestrelius, Birgit Stattin Norinder, Angelica Loskog and Ulf Wiinberg as members of the board. Anders Gersel Pedersen and Andreas Eggert were elected as new 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 resolved to adopt a long-term incentive programme for the employees (for further information see "Long-term incentive programme 2018"). 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 Biopharma's website (www.hansabiopharma.com). The annual general meeting 2019 will take place on May 22, May 2019.

Extraordinary general meetings 2018

The Company have held two extraordinary general meeting during 2018.

At the extraordinary general meeting held on October 29, 2018, 89 shareholders representing 32.4 percent of the total number of votes and 31.8 percent of the total number of shares in the Company were represented. The general meeting resolved on an authorization for the board to decide on issues of new ordinary shares until the annual general meeting 2019. Such issues of shares may not in total contain more than ten percent of the number of the outstanding ordinary shares in the Company at the time for the extraordinary general meeting. The Swedish Companies Registration Office has on the November 14, 2018 registered 1,776,765 new ordinary shares through a directed share issue.

At the extraordinary general meeting held on December 11, 2018, 71 shareholders representing 27.9 percent of the total number of votes and 27.4 percent of the total number of shares in the Company were represented. The board resolved on a name change of the Company, from Hansa Medical AB to Hansa Biopharma AB.

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 percent. Subscription for shares may take place during the period commencing June 15, 2018 up to and including June 15, 2019. This entails that the subscription price after three years will be approximately 122.5 percent of the market value of the share as per the annual general meeting 2015 and after four years will amount to approximately 131.1 percent.

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 June 2, 2015 was 400,000, which corresponded to a dilution effect of 1.2 percent of the number of shares and votes as per the date of the issue if all of the warrants were to be 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, which corresponded to a dilution effect of 1.1 percent of

the number of shares and votes as per the date of the transfer if all of the warrants were to be exercised. For all employees, with the exception of the previous CEO, up to 60 percent of the employee's premium was 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 1,500k. 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.

During 2018 and 2019 a total number of 355,000 warrants of series 2015/2019 have been exercised for subscription of 355,000 new shares in the Company, resulting in a dilution effect of 0.89 percent of the current number of shares and votes.

Long-term incentive programme 2016

An extraordinary general meeting in Hansa Biopharma was held on November 21, 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 Biopharma. 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 Biopharma during the entire programme period of three years will, by the end of the period, receive so called performance shares, i.e. listed Hansa Biopharma 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.

289,750 rights have been allocated in total, of which 78,250 rights previously allocated have been excluded due to accelerated vesting or terminated, so remaining allocated rights as of December 31, 2018 are 211,500. 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 1.0 percent of the existing number of shares and votes in Hansa Biopharma. The costs for LTIP 2016 are reported in accordance with IFRS 2.

Long-term incentive programme 2018

The Annual General Meeting 2018 resolved to adopt a long-term incentive program ("LTIP 2018"). No more than 52 individuals within the Hansa Biopharma group may participate in the program and are given the opportunity to acquire warrants at market value and/or receive so called performance-based share awards ("share awards") free of charge which, provided that certain conditions are met, may give the right to acquire shares in the Company. Each employee has the right to invest in either warrants and/or share awards. The value per employee for investing in either warrants or share awards may reach a maximum value ("Participation value") and a maximum number of warrants or share awards, that is decided by which category the participant belongs to (see the chart below).

As a consequence of the employees' possibility to subscribe for warrants and acquire the remaining participation value in share awards, the outcome of LTIP 2018 will vary concerning costs and dilutions. A maximum number of 491,419 warrants or 297,902 share awards may be allotted to participants under LTIP 2018.

The warrants shall be transferred to the participants on market terms at a price established based on a calculated market value of the warrants. The value per warrant was preliminary calculated to SEK 60.60, based on a share price of SEK 231 per share. Except for the CEO, the Company will offer the participants a one-time bonus to subsidize up to 25 percent of the participant's premium (after tax). The latest date to be allotted share warrants shall be the day prior to the annual general meeting 2019. At a maximum allocation of warrants, 491,419 warrants will be acquired by the participants, corresponding to a dilution effect of approximately 1.3 percent of the number of shares and votes in the Company at the time of the annual general meeting 2018. The costs relating to LTIP 2018 are reported in accordance with IFRS 2.

Warrants and / or share awards may also be acquired by and allocated to new employees in the Hansa Biopharma Group. Such acquisitions and allocations must be made no later than the day before the annual general meeting 2019. 6,701 warrants have been acquired by the participants in LTIP 2018 as of December 31, 2018. 178,131 share awards have been totally allocated during the year, of which 580 have been excluded, remaining allocated share awards as of December 31, 2018 are 171,756.

	Maximum amount for employees	Maximum participation value of each employee (MSEK)	Maximum participation value of each category (MSEK)	Maximum amount of warrants	Maximum amount of share awards
CEO	1	5.1	5.1	84,769	51,385
Managing directors (managing Group)	8	1.5	9.4	154,915	93,907
Middle management	11	0.7	7.7	127,787	77,462
Other employees	32	0.3	7.5	123,984	75,148
Total	52	-	29.8	491,419	297,902

In connection with the resolution on LTIP 2018, the annual general meeting further resolved to authorize the board to issue class C shares and to authorize the board to resolve to repurchase all issued class C shares. The purpose was to ensure delivery of shares and to secure potential social charges arising from the LTIP 2018. In September, the board resolved, by virtue of the authorization, to issue new class C shares and to immediately thereafter repurchase these class C shares. The class C shares will be converted to ordinary shares before the transfer to the participants of the LTIP 2018.

Nomination committee

Prior to the 2019 annual general meeting, Hansa Biopharma's nomination committee comprises Erika Kjellberg Eriksson (representing Nexttobe AB), Astrid Samuelsson (representing Handelsbanken funds) and Sven Sandberg (representing Thomas Olausson and Gladiator). Erika Kjellberg Eriksson has been elected as chairman of the nomination committee. In addition, the chairman of the board Ulf Wiinberg is convener of the 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 2020. The proposals will be published in connection with the notice to the annual general meeting 2019.

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 Biopharma 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. As from the annual general meeting 2018 certified public accountant Jonas Nihlberg is auditor in charge. From the annual general meeting up to and including the annual general meeting 2018, certified public accountant Dan Kjellqvist was auditor in charge. Dan Kjellqvist personally was 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. Jonas Nihlberg and Dan Kjellqvist are members of the Swedish Institute of Authorized Public Accountants. For information regarding fees paid to the auditors, please refer to note 6 in the 2018 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 development, 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 2018 annual general meeting for a period up to and including the next annual general meeting. The fees for the board of directors' work in 2018 were set as follows. The chairman is paid SEK 900,000, and each other director besides Angelica Loskog is paid SEK 300,000. Further on 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, besides Angelica Loskog. 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 and remuneration for Ulf Wijnberg for his position as deputy CEO during 2018 of SEK 1,772,258. 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 2018 annual report for additional information regarding employment terms and conditions for the board and senior executives.

Directors

Pursuant to the articles of association, Hansa Biopharma'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, 2019. 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 from November 9, 2017 until 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, CEO and chairman of the board of Ulf Wiinberg consulting&invest AB as well as CEO for X-Vax Technologies Inc in Jupiter Florida. Born 1958.

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

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

Holdings: 75,000 shares



Birgit Stattin Norinder

Member of the board since 2012. Chairman of the board during the periods September, 2014 until June, 2016 as well as November 9, 2017 until 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 och Jettesta AB. Birgit holds a M.Sc. in Pharmacy from Uppsala University. Born 1948.

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

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

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 Medicion 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 Biora AB, Biogaia AB (publ), Clavis Pharma ASA (publ), Lipopeptide AB and Gedea AB. Stina holds a M.Sc. and Ph.D. in Applied Biochemistry from Lund University. Born 1949.

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

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

Holdings: 5,833 shares



Anders Gersel Pedersen

Member of the board since 2018

Anders has a long experience from the international pharmaceutical industry. Following his degree in medicine and research fellow positions at Copenhagen hospitals, he worked for Eli Lilly for 11 years. In January 2000 he joined H. Lundbeck A/S in Denmark and was Executive Vice President of the Research & Development organization during 2008-2018 hence responsible for the discovery and development of the product pipeline from pre-clinical activities to post-launch marketing studies. He serves on the supervisory boards of Bavarian Nordic A/S (deputy chairman) and Genmab A/S. Anders received his medical degree and a doctoral degree in neuro-oncology from the University of Copenhagen and a B.Sc. in Business Administration from Copenhagen Business School. Born in 1951.

Anders is chairman of Hansa Biopharma's scientific committee and member of the remuneration committee.

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

Holdings: –



Andreas Eggert

Member of the board since 2018.

Andreas has more than 20 years of cross-functional leadership experience including commercial operations, launch and portfolio management, brand strategy, market access, and strategic consulting. He is COO at X-Vax Technology Inc. in the US. He served as Senior Group Vice President, Global Product Strategy & Portfolio Development, and member of the Corporate Management Committee at H. Lundbeck A/S in Denmark, where he was responsible for multiple new product launches and the commercial leadership for shaping the product portfolio and development pipeline. Previously, Andreas served as Vice President & Global Business Manager at Wyeth/Pfizer in the US. He held several senior commercial positions for Wyeth in the US, Japan and in Germany. Andreas also was a management consultant at A.T. Kearney. He holds an MBA from Azusa Pacific University. Born 1967.

Andreas is the chairman of Hansa Biopharma's audit committee.

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

Holdings: –



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 Biopharma's scientific committee.

Independent of Hansa Biopharma and its senior management.

Holdings: –

The Board of Directors' work in 2018

During 2018, the board has held twenty meetings, of which six were held per telephone and one was the inauguration meeting. The board has also made resolutions per capsulam at five occasions during 2018. In 2018, 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 2018 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 2018

Board member	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	20 (20)	4(4)	5 (5)	Yes	Yes
Birgit Stattin Norinder	2012	19 (20)	4(4)	5 (5)	Yes	Yes
Stina Gestrelus	2007	19 (20)	–	–	Yes	Yes
Angelica Loskog	2016	18 (20)	–	–	Yes	No
Anders Gersel Pedersen ¹	2018	9 (20)	3(4)	–	Yes	Yes
Andreas Eggert ²	2018	11 (20)	–	2 (5)	Yes	Yes
Hans Schikan ³	2015-2018	8 (20)	1 (4)	1 (5)	Yes	Yes
Per Olof Wallström ⁴	2015-2018	8 (20)	–	3 (5)	Yes	Yes

¹ Anders Gersel Pedersen was elected as new member of the board at the annual general meeting on the 29 May 2018

² Andreas Eggert was elected as new member of the board at the annual general meeting on the 29 May 2018

³ Hans Schikan announced at the Annual General Meeting on May 29 2018 that he had declined re-election as a member of the Board.

⁴ Per Olof Wallström announced at the Annual General Meeting on May 29 2018 that he had declined re-election as a member of the Board.

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 2018, interviewing the directors with questions about the work of the board of directors. The result of the responses has been verbally declared to the directors and the members of the nomination committee.

Board committees

Remuneration committee

The remuneration committee has consisted of Ulf Wiinberg, chairman, Birgit Stattin Norinder and Hans Schikan until the annual general meeting 2018, with the exception for the period January 1 until March 20, when Ulf Wiinberg was not a member of the committee and Birgit Stattin Norinder was chairman. After the annual general meeting 2018, the remuneration committee has consisted of Birgit Stattin Norinder, chairman, Ulf Wiinberg and Anders Gersel Pedersen. 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.

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 has consisted of Per-Olof Wallström, chairman, Birgit Stattin Norinder and Ulf Wiinberg until the annual general meeting 2018 with the exception for the period January 1 until March 20 when Ulf Wiinberg was not a member but instead Hans Schikan was member of the committee. After the annual general meeting 2018 the audit committee has consisted of Andreas Eggert, chairman, Ulf Wiinberg and Birgit Stattin Norinder. 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.

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 has consisted of Birgit Stattin Norinder chairman, Stina Gestrelus, Hans Schikan and Angelica Loskog until the annual general meeting 2018. After the annual general meeting 2018 the scientific committee has consisted of Anders Gersel Pedersen, chairman, Stina Gestrelus, Birgit Stattin Norinder and Angelica Loskog. 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 2018, but the duties above were handled at board meetings in February, September and December 2018.

Company management

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

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

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 meet-

ings unless the chairman informs him that he need not to 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 Biopharma, and his holdings of shares in the Company and those of closely-related persons are set forth below.

Senior executives

Hansa Biopharma's senior executives currently comprise ten individuals: the President and the CEO Søren Tulstrup; Senior Vice President, Research and Development Christian Kjellman; Vice President, Chief Financial Officer Eva-Maria Joed; Vice President Business Development and Investor Relations Emanuel Björne; Vice President, Commercial Operations Henk Doude van Troostwijk; Vice President, Regulatory Affairs Karin Aschan; Vice President, Corporate Strategy Max Sakajja; Vice President, Global Medical Affairs Vincenza Nigro and Vice President, Global HR Anne Säfström Lanner.

Hansa Biopharma'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 Biopharma as of March 21, 2019 are listed below. Holdings in the Company includes both one's own holdings and/or those of closely-related persons



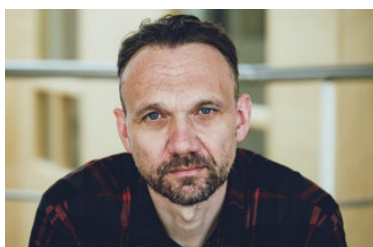
Søren Tulstrup

CEO

Søren Tulstrup is President and CEO of Hansa Biopharma 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.

Holdings: –

Share rights 51,389



Christian Kjellman

Senior Vice President, Research and Development

Christian joined Hansa Biopharma 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. At Hansa Biopharma, Christian has been leading the development of our lead candidate, imlifidase, from discovery to late stage clinical phase. With his expert knowledge, he currently leads the progression of imlifidase and all other ongoing research projects. Christian holds a M.Sc. in Chemical Biology and a Ph.D. in Tumour Immunology from Lund University. Born 1967.

Holdings: –

Share rights 54,084



Eva-Maria Joed

Vice President, Chief Financial Officer

Eva-Maria joined Hansa Biopharma 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.

Holdings: 8,000

Share rights: 20,000



Emanuel Björne

Vice President, Business Development and Investor Relations

Emanuel joined Hansa Biopharma in 2007 counting more than 10 years of operational experience from Scandinavian Pharma and Biotech industry (Biolin Scientific, Polypeptide Labs and Hansa Biopharma) 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.

Holdings: 20,000

Share rights: 20,000



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 Biopharma 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.

Holdings: –

Share rights: 22,100



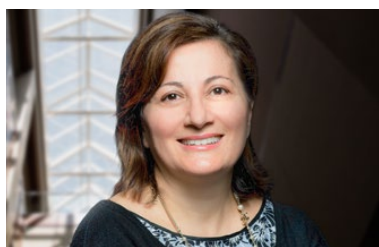
Karin Aschan

Vice President Regulatory Affairs

Karin joined Hansa Biopharma 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 Data Care. She has also been working as an independent regulatory consultant. Karin holds a M.Sc. in Pharmacy from Uppsala University. Born 1961.

Holdings: –

Share rights: 14,504



Vincenza Nigro

Vice President, Global Medical Affairs

Vincenza holds more than two decades of international, life sciences industry expertise in medical affairs, clinical development and commercial leadership roles, including deep experience in transplantation and orphan diseases. Before joining Hansa Biopharma in 2018, Vincenza built and led the global medical affairs function at Veloxis Pharmaceuticals, a specialty pharmaceutical company focused on transplantation. Previously, she spent over a decade at Hoffmann- La Roche in the US in drug discovery, clinical development and commercial roles within immunology and transplantation. She has also held a commercial leadership role at US specialty pharma company Enzon Pharmaceuticals, which was focused on oncology. Ms. Nigro holds an MBA degree from Massachusetts Institute of Technology (MIT). Born 1963.

Holdings: –

Share rights: 7,042



Anne Säfström Lanner

Vice President, Global HR

Anne joined Hansa Biopharma in January 2019, after having served at European Spallation Source (ESS), a joint European multi-disciplinary research facility and at Cellavision, a provider of digital solutions for medical microscopy within hematology. She has held positions both as Head of HR, Head of Resourcing, HR Manager & Deputy Head of HR and has extensive experience from growing start-up international companies. Anne holds a Bachelor of Social Science in Human Resource Management, focusing in organizational development & leadership, from Lund University. Born 1969.

Holdings: –

Share rights: –



Max Sakajja

Vice President, Corporate Strategy

Max joined Hansa Medical in 2017. He has a broad background in corporate development, strategy and finance. He has previously worked with corporate finance at Swedish Orphan Biovitrum AB (SOBI) in the position of Director Mergers & Acquisitions. Before joining Hansa Biopharma, Max worked as the Global Product and Service Development Manager at Envirotainer, the world leader in secure cold chain solutions for the life science industry, where he played an active role in building new growth-focused corporate strategy and execution. Max has also worked as an independent management consultant providing advisory services to the Scandinavian life science industry. Max holds an M.Sc. in Molecular Biotechnology from the Royal Institute of Technology. Born 1981.

Holdings: 3,100

Share rights: 20,201

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 Biopharma 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 Biopharma'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 Biopharma, 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 Biopharma, 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 Biopharma'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 Biopharma'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 Biopharma'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 Biopharma 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.hansabiopharma.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 Biopharma'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.

Auditor statement on the corporate governance report

To the general meeting of the shareholders in Hansa Biopharma AB (publ), corporate identity number 556734-5359

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2018 on pages 91 – 105 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö 11 April 2019
KPMG AB

Jonas Nihlberg
Authorized public accountant
Lead auditor

