

## CORPORATE GOVERNANCE REPORT

**SenzaGen AB (publ) is a Swedish public limited liability company (svenskt publikt aktiebolag). Its headquarters are in Lund and its stock is traded on the Nasdaq First North Growth Market. SenzaGen has around 3,400 shareholders. In addition to the Parent Company, the Group comprises SenzaGen Inc (USA), a wholly-owned subsidiary.**

Responsibility for management and control of SenzaGen is divided between the shareholders at the annual general meeting, the board of directors and the CEO as per the Swedish Companies Act, applicable rules for companies whose stock is listed on the Nasdaq First North Growth Market, the Company's articles of association and the board's internal policy documents.

### Annual General Meeting (AGM)

The right of the shareholders to decide on SenzaGen's affairs is exercised at the AGM, which is the Company's highest decision-making body. The AGM decides on several key agenda items, including the appropriation of the Company's retained earnings, the adoption of the income statement and balance sheet, the discharge from liability for the board and CEO, the election of the board and auditors and the board and auditor's fees. Extraordinary general meetings may be held if the board believes such is needed or if the Company's auditors or shareholders with at least 10% shareholdings request such. SenzaGen's principal owners are disclosed under the Changes in share capital heading on page 45.

18 shareholders, three of which by proxy, representing 18% of the total shares and votes in the Company, attended SenzaGen's AGM on 15 May 2019 in Lund. All board directors and the Company's auditors were present or represented at the AGM. The AGM resolved to pass all proposals presented by the board and shareholders, including authorization for the board to resolve to issue new shares.

An extraordinary general meeting (EGM) was held on 27 November 2019 in Stockholm. One shareholder representing 11% of the shares and votes in SenzaGen attended the meeting. The EGM resolved to authorize the board's decision to issue new shares with preemptive rights for existing shareholders.

Four shareholders, one of which by proxy, representing 20% of the shares and votes in SenzaGen, attended the EGM on 18 December 2019 in Lund. The EGM resolved to authorize the board's decision to launch an incentive program for the CEO, Group employees and the board.

### Nomination Committee

The 2019 AGM resolved to establish a nomination committee and the policies governing the work of this Nomination Committee. The main task of the Nomination Committee is to propose board candidates to the AGM, who are then elected by the AGM. The work of the Nomination Committee starts with reading the evaluation of the board's work commissioned by the board. Then, the Nomination Committee nominates directors and the chairman of the board for the upcoming term. In addition, the Nomination Committee proposes candidates for the position of auditor and presents proposals for the remuneration of the board and auditors.

As per resolution of the 2019 AGM, the SenzaGen Nomination Committee shall comprise the board chairman and one representative from each of the three largest shareholders in terms of the number of votes. The Nomination Committee for the 2020 AGM comprises Malin Lindstedt, Nomination Committee Chair, Erwin Roggen representing 3Rs Management and Consulting, Carl-Henric Nilsson and the Company's board chairman Carl Borrebaeck. The Nomination Committee had two meetings in 2019 at which minutes were taken.

### Board of Directors

The board of directors is responsible for SenzaGen's organization and for management of the Company's affairs. The work of the board is governed by the Swedish Companies Act, the articles of association and the work plan adopted by the board. According to the articles of association, the board shall comprise a minimum of three and a maximum of ten directors with a maximum of five alternates.

The 2019 AGM reelected Carl Borrebaeck, Ann Gidner, Ian Kimber, Peter Nählstedt and Laura Chirica. Ann-Christin Malmborg Hager was elected as a new director. The Company does not have specific committees for auditing and remuneration issues. The full board addresses these issues. Biographies of the directors and their independence can be found on page 50.

### Board work and evaluation

The board adopts a formal work plan each year. The work plan is adopted at the first board meeting after the AGM (Statutory Board Meeting) and updated after that as needed. The work plan describes the board's responsibilities and tasks, the division of responsibilities and tasks within the board as well as its working methods, and the division of responsibilities and tasks between the board and the CEO. The currently applicable work plan was adopted on 15 May 2019. The chairman evaluates the work of the board once a year.

### Board meetings

The SenzaGen Board of Directors held 18 meetings at which minutes were taken during the year; one was the Statutory Board Meeting and nine were extraordinary meetings. The extraordinary board meetings were focused on authorizations for raising capital and allotting shares upon redemption of stock options. At all regular board meetings, the CEO informed directors of the Group's financial position and of significant events in the Company's business. Key agenda items during the year included commercialization strategies, financing, the organization, budget adoption and regulatory matters. Director attendance at the meetings is shown in the table below.

The Company's CEO and CFO regularly attend board meetings. Other executives attend board meetings as needed. The Company's CFO normally serves as secretary at board meetings. The Company's auditor attended at least one of the regular meetings during the year.

### Board remuneration

The 2019 AGM set directors' fees for the board chairman at SEK 200,000 and for each of the other directors at SEK 100,000. Board remuneration is described further in Note 6.

### Auditor

The Company's auditor, Mats-Åke Andersson, Auditoriet AB, was elected at the 2019

AGM for a term lasting until 2020. In addition to the annual audit, the auditor audits at least one quarterly report per year.

### CEO and Management

The CEO is appointed by the board and manages the Company in accordance with the policies and directives adopted by the board. The applicable terms of reference issued to the CEO were adopted by the board on 15 May 2019. The CEO prepares informative and decision-making documentation for board meetings and maintains ongoing dialogue with the board chairman regarding the performance of the Group. The CEO is assisted by a management team consisting of the VPs for each of the Company's functional areas. A more detailed description of the CEO and management team can be found on page 52.

### Remuneration of the CEO and other senior executives

The 2019 AGM resolved that the pay of Group Management shall comprise a fixed base salary and variable performance-based remuneration. The variable remuneration includes an individual variable annual fee and may also include a long-term incentive program as a complement. The total remuneration for members of Group Management shall be on market terms. Salaries and other benefits for the CEO and other senior executives are disclosed in Note 6.

### Internal control

The board is responsible for keeping an effective system in place for internal control and risk management. The CEO is delegated responsibility for creating a solid foundation for working on these issues. Both Management and managers at various levels of the Company have this responsibility in their respective areas. Powers and responsibilities are defined in guidelines, specifications of responsibilities, policies for approval permissions, and other policies. SenzaGen does not have an internal audit function because the need for such is not justified by the extent and risk exposure of the Company's business.

### Director attendance at board meetings

Carl Borrebaeck, chairman	18 of 18
Ann Gidner	18 of 18
Ian Kimber	16 of 18
Peter Nählstedt	18 of 18
Laura Chirica	17 of 18
Ann-Christin Malmborg Hager*	12 of 12

\*Ann-Christin Malmborg Hager was elected in May 2019.