

# Corporate governance report 2019/2020

Oasmia Pharmaceutical AB (“Oasmia” or the “Company”) is the Parent Company of the wholly-owned Swedish subsidiaries Qdoxx Pharma AB and Oasmia Incentive AB, which are at present dormant companies, and AdvaVet Inc, Oasmia Pharmaceutical Asia Pacific Limited and Oasmia RUS LLP. Oasmia is a public limited liability company listed on Nasdaq Stockholm and the Frankfurt Stock Exchange. Governance at Oasmia is based on the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm’s Rule Book for Issuers, the Swedish Corporate Governance Code and other relevant laws, rules and regulations in Sweden and abroad.

Management, guidance and internal control are allocated between the shareholders (through the Annual General Meeting), the Board of Directors, the CEO and corporate management. Oasmia also works in accordance with the internal instructions and guidelines adopted by Oasmia’s Board and management team. This report has been drawn up in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (the “Code”) and comprises Oasmia’s corporate governance report for the 2019/2020 financial year. The corporate governance report has been reviewed by Oasmia’s auditor.

## Swedish Corporate Governance Code

Oasmia complies with the Code given that the company’s shares are admitted to trading on Nasdaq Stockholm and, accordingly, the company must follow good securities market practices. The Code is available at [www.bolagsstyrning.se](http://www.bolagsstyrning.se). The Code is based on the principle of “comply or explain”, which means that companies applying the Code may choose to deviate from individual rules, but must then report the deviation and the reason for so doing. Oasmia has not deviated from the Code in the 2019/2020 financial year.

## The share and shareholders

Oasmia’s share has been listed on NASDAQ Stockholm since June 24, 2010 and on the Frankfurt Stock Exchange since January 24, 2011. On April 30, 2020, the total number of shares in Oasmia amounted to 448,369,546 and each share carries one vote at the general meeting of shareholders. As of April 30, 2020, the number of known shareholders amounted to 14,134. With 24.8% of the share capital and votes, the holding of Per Arwidsson and related parties represents at least 10% of all votes in Oasmia. The ten largest shareholders owned 41.1 % of the total number of shares. For additional information on the ownership structure, see “The Share” section on page 19.

## General meeting of shareholders

The general meeting of shareholders is the highest decision-making body in a limited company. The shareholders can exercise their right to vote at the general meetings. Each Oasmia shareholder, who is entitled to vote, can vote for the full number of shares owned and represented. The General Meeting approves the income statement and balance sheet, the appropriation of the company’s earnings, decides on discharge from liability, elects the Board of Directors and auditors, and approves fees, addresses other statutory matters as well as making decisions pertaining to proposals from the Board and shareholders. In addition to that stipulated by law regarding the right to attend general meetings, Oasmia’s Articles of Association require prior notification to the general meeting within the time limit specified in the notice and, where applicable, notice by shareholders of any assistants they intend to bring.

The Annual General Meeting is to be held within six months of the close of the financial year. Notice of the Annual General Meeting is published in Post- och Inrikes Tidningar and by a notice made available on the company’s website. Announcement of the notice is to be advertised in Dagens Nyheter.

## Annual General Meeting 2019

The 2019 Annual General Meeting was held on September 26 on Oasmia’s premises in Uppsala. The resolutions adopted included the following:

- The General Meeting resolved, in accordance with the Board’s proposal, to authorize the Board to, on one or several occasions during the period up until the 2020 Annual General Meeting, decide on issues of shares, warrants and/or convertible instruments with or without deviation from the shareholders’ pre-emption rights. A maximum of 62 million shares may be issued under the authorization (including any new shares following the exercise or conversion of warrants and convertible bonds issued under the authorization).

## 2019 Extraordinary General Meeting

On October 14, 2019, the company’s Board issued notice of an Extraordinary General Meeting to be held on November 6, 2019. The company held this Extraordinary General Meeting on November 6, 2019 at Oasmia’s premises in Uppsala.

In accordance with the Board’s proposal, the Meeting resolved that the Board may, on one or more occasions, decide to issue new shares, within the limits of the Articles of Association, with preferential rights for existing shareholders to be paid in cash, by non-cash consideration or through set-off, until the 2020 Annual General Meeting. Under this authorization, the Board is entitled to decide on new issues up to an aggregated amount of approximately MSEK 400.

The authorization to decide new issues as resolved by the AGM on 26 September 2019 applies alongside the above authorization, irrespective of whether the above authorization is applied or not.

## 2020 Extraordinary General Meeting

On April 17, the company’s Board issued notice of an Extraordinary General Meeting to be held on May 14, 2020. The company held this Extraordinary General Meeting on May 14, 2020 at Oasmia’s premises in Uppsala.

The resolutions adopted included the following:

- The Board up to the next Annual General Meeting shall consist of five Board members.
- Former Board member Anders Härfstrand was elected the new Chairman of the Board and Birgit Stattin Norinder a new member of the Board. Jörgen Olsson, former Chairman of the Board, and Gunilla Öhman, former Board member, stepped down from the Board.
- An increase in Board fees to SEK 250,000 for Board members and SEK 500,000 for the Chairman of the Board as well as SEK 50,000 of the Chairman of a Committee and SEK 25,000 for members of a Committee
- To approve the Board’s decision to issue employee stock options to CEO François Martelet. The Board has in connection with the employment agreement negotiations for new CEO François Martelet offered 896,739 employee stock options which, subject to continued employment for three years, can be exercised during the period between February 13, 2023 and February 13, 2024, and with an agreed upon strike price of SEK 7.36 per share (corresponding to approximately 150% of the prevailing share price when the employment was agreed and published). The stock options are issued free of charge, and thus in addition to fixed base salary, short-term variable incentives and other usual employee benefits, with the purpose of creating a long-term incentive for the CEO in line with the interests of the shareholders. The subsequent costs incurred by the company are accounted for on an ongoing basis in accordance with IFRS 2, whereby the fair value of the options when the program was approved by the Annual General Meeting in May is accrued as an expense over the vesting period. To the extent that earnings conditions for continued employment are not met, no IFRS 2 cost is reported and the previously reported cost is reversed. In addition, the cost

of social security contributions is reported over the vesting period, based on the fair value of the options at the respective closing date and finally on the possible benefit value that forms the basis for social security contributions.

## 2020 Annual General Meeting

The 2020 Annual General Meeting will be held on Wednesday, September 9, 2020 in Uppsala.

## Nomination Committee

The main task of the Nomination Committee is to draw up and make proposals for the election of Board members and the Chairman of the Board and to determine their fees. The Nomination Committee also presents proposals to the Annual General Meeting for the election of a chairman for the Meeting, the election of auditors, any remuneration for committee work and remuneration for the external auditor. The Nomination Committee’s proposals are made public no later than in conjunction with the notice of the AGM.

The Nomination Committee’s proposal regarding the selection criteria for the Nomination Committee for the next AGM was adopted at the 2019 AGM. The criteria were as follows: one member shall be the Chairman of the Board (convener) and two members shall be appointed by the two shareholders who have the largest shareholding in Oasmia Pharmaceutical AB on December 31, 2019 in terms of the number of votes. The Nomination Committee’s mandate extends to when the next Nomination Committee has been appointed. The Nomination Committee members for the 2020 Annual General Meeting consist of Per Arwidsson (Chairman), Håkan Lagerberg and Chairman of the Board Anders Härfstrand. The Nomination Committee’s full proposal for the 2020 AGM will be presented in the AGM notice. Per Arwidsson was appointed by Arwidss Investment AB and Håkan Lagerberg owns his shares privately.

## Auditor

According to the Articles of Association, the company shall have one or two external auditors with not more than two deputies, or one or two accounting firms. The accounting firm that was elected as the new auditor at the 2019 Annual General Meeting is KPMG AB with Authorized Public Accountant Duane Swanson as auditor in charge.

## Board of Directors

Oasmia’s Articles of Association stipulate that its Board of Directors consist of at least three and at the most eight members with not more than three deputy members. Oasmia’s Board consists of five members, including the Chairman. Board assignments are for a fixed term in accordance with the Swedish Companies Act, which means that the mandate will last until the first Annual General Meeting after the year the Board members were appointed.

## Attendance, 2019/2020 financial year

For the period May 1, 2019 until April 30, 2020

	Independent <sup>1</sup>	Board meetings	Audit Committee <sup>2</sup>	Remuneration Committee <sup>2</sup>
Jörgen Olsson	Yes/Yes	30/30	–	–
Gunilla Öhman	Yes/Yes	30/30	–	–
Sven Rohmann	No/Yes	30/30	–	–
Peter Zonabend	Yes/No	28/30 <sup>3</sup>	–	–
Anders Härfstrand <sup>4</sup>	Yes/Yes	17/19	–	–
Hege Hellström <sup>4</sup>	Yes/Yes	18/19	–	–

1) Independent of the company and its management and independent of major shareholders.

2) Committee meetings have taken place as a part of regular board meetings.

3) Peter Zonabend has not attended two meetings based on the provisions of the Swedish Companies Act regarding conflict of interest.

4) Anders Härfstrand and Hege Hellström were elected as board members at the Annual General Meeting on September 26, 2019.

### Board duties

The Board has the overall task of managing the company's affairs on behalf of the shareholders. The Board operates in accordance with the Swedish Companies Act, the Articles of Association and internal regulations and continually assesses the Group's financial situation and the operational management. The Board appoints the CEO and decides on significant changes in the company's organization and operations. The Board is also responsible for ensuring that the company's internal control of financial conditions is satisfactory and that the information regarding financial and overall performance is communicated accurately in the company's financial reports.

### Chairman of the Board

The Chairman follows, by regular contact with the CEO, the company's development and is responsible for ensuring that Board members regularly receive the information needed to fulfill their duties. In addition, the Chairman leads the Board's work and ensures that the Board's decisions are implemented. The Chairman also ensures that the work of the Board is evaluated annually and that the Nomination Committee is informed about the evaluation results. In addition, the Chairman is responsible for preparing the Corporate Governance Report and a report on how internal controls, as they relate to financial reporting, are organized and how effectively they worked during the last financial year.

### Board procedures

In accordance with the Swedish Companies Act, Oasmia's Board has adopted a formal written work plan and related CEO instructions that are reviewed once a year or as needed. This formal work plan governs how the work should be distributed between the Board members, the frequency of Board meetings (at least four times a year in addition to the statutory Board meeting), and how the work is divided between the Board and the Audit Committee. The CEO instructions contain, inter alia, restrictions regarding decisions on investments and acquisitions. The instructions on reporting, which complement the Board's formal work plan and the CEO's instructions, regulate the CEO's regular reporting to the Board and the Board's external reporting.

### Evaluation of the Board and CEO

The Board annually evaluates its work regarding its procedures and work climate, the focus of the Board's work, and access to and the need for special competence on the Board. The results of the evaluation are reported to the Nomination Committee and form the basis of the Committee's work on evaluating the composition of the Board and its remuneration.

The Board evaluates the work of the CEO by monitoring the development of operations in terms of the set goals. A formal evaluation is conducted once each year.

### The Board's work during the financial year

During the 2019/2020 financial year the Board held 30 minuted meetings. On these occasions the Board mainly addressed issues relating to the continued funding of the Group's business operations and negotiations for/the signing of new partnership agreements, followed up liquidity forecasts, updates regarding ongoing regulatory processes and made a decision regarding the transfer of veterinary assets.

### Audit Committee

During the period March 19, 2019 to April 30, 2019, the Audit Committee consisted of the entire Board during the transition period to April 30, 2019. From October 4, 2019, the Audit Committee consisted of Jörgen Olsson, Chairman, Hege Hellström and Gunilla Öhman. From May 14, 2020, the Audit Committee has consisted of Peter Zonabend, Chairman, Hege Hellström and Anders Härfstrand. The Audit Committee's primary task is assisting the Board in overseeing the accounting and financial reporting processes and ensuring the quality of these reports and processes. The Audit Committee shall also monitor the auditors' work and the choice of auditing firm and scrutinize the auditors' objectiveness and independence and that the costs for services over and above the auditing assignment are at an appropriate level in relation to the auditing fee so as to not run the risk of impacting independence. The Audit Committee's responsibilities and tasks appear in specially prepared internal instructions.

### Remuneration Committee

From October 4, 2019, the Remuneration Committee has consisted of Jörgen Olsson, Chairman, Peter Zonabend and Anders Härfstrand. From May 14, 2020, the Remuneration Committee has comprised Birgit Stattin Norinder (Chairman) and Anders Härfstrand. The role of the Committee is to prepare the Board's decisions on matters pertaining to remuneration principles, remuneration and other terms of employment for the company management. Additionally, the Committee is tasked with monitoring and evaluating variable remuneration programs for the company's management, both ongoing and concluded during the year, and following and evaluating how the guidelines for remuneration of senior executives, as decided by the General Meeting, are applied as well as the current remuneration structures and levels in the company.

### Internal control over financial reporting

Oasmia's process for internal control is designed to manage and minimize the risk of errors in financial reporting. The Board annually evaluates the need for an internal audit function and has determined that the company's current size and risk exposure do not justify a separate internal audit function. The following description explains how internal controls are organized. The description is limited to internal controls over financial reporting.

### Control environment

The basis of the internal controls concerning financial reporting is the overall control environment. The control environment requires that the organizational structure, decision-making processes and authorities are clearly defined and communicated in the form of internal policy documents such as policies, guidelines, manuals and codes. The control environment also includes laws and external regulations.

The Board has ultimate responsibility for internal controls over financial reporting. Effective Board work is therefore the basis for sound internal control. Oasmia's Board has established a formal work plan and clear instructions for its work, including the work of the Audit Committee. The Audit Committee's primary task is assisting the Board in overseeing the accounting and financial reporting processes and ensuring the quality of these reports and processes.

The Audit Committee's duties are supervisory. Responsibility for maintaining an effective control environment and the ongoing work regarding risk management and internal control over financial reporting is delegated to the CEO. Managers at various levels of the company are in turn responsible for their respective areas. Responsibility and authority are defined in the CEO instructions, instructions for authorization, manuals, other policies, procedures and codes.

The Board determines the company's major policies on information/communication, financing and risk management. Company management establishes instructions and the responsible managers issue guidelines and monitor implementation of all policies and instructions. The company's accounting and reporting instructions are defined in an accounting manual which is available to all financial staff. Along with laws and other external regulations, the organizational structure and the internal guidelines constitute the control environment.

### Risk assessment

The goal of risk assessment is to identify areas of high risk within the business and to define the controls needed to manage these risks. Balance sheet and income statement items that are based on estimates or generated by complex processes are relatively more prone to error than other items.

The Board initiates an annual risk identification process and the results of the risk identification are evaluated by the Board in order to make an assessment of what steps need to be taken. The Board believes that the company has effective internal controls over financial reporting.

### Control activities

Control activities are designed to prevent, detect and correct errors and deviations. The controls are integrated into the company's processes for payments, accounting and financial reporting and include authorization and approval procedures, reconciliation, performance analysis, division of administrative control and performance functions, and controls embedded in IT systems.

### Information and communication

Information that it is assessed will affect the company's share price (price-sensitive information) is made public in a rapid and non-discriminatory manner. Company publications are done through press releases sent simultaneously to the Stock Exchange, established news agencies and newspapers. The information will also be simultaneously published on the company website. Oasmia is represented publicly in all matters primarily by the CEO. The CEO has delegated certain responsibilities to the Communications Officer. The CEO and Communications Officer may, on behalf of the company, inform/comment on matters relating to the company's operations.

The company applies quiet periods, which occur thirty days before the publication of annual and interim reports. In the instance of a leak of price-sensitive information or other special situations that may affect the valuation of the company, the Stock Exchange is to be notified, followed by a press release containing the same information. The company's public disclosures are governed by an information policy that is intended to ensure the quality of both internal and external information. Furthermore, the policy should facilitate compliance with applicable laws, regulations and agreements. The management of inside information is regulated by specific guidelines stated in the company's insider policy and insider list policy (formerly logbook policy).

# Board



## Anders Härfstrand

Independent non-executive Chairman of the Board since May 2020, and member of the Board since September 2019.

Born: 1956

Share holdings: –

**Education:** MD and Ph.D from Karolinska Institutet in Stockholm.

**Previous experience:** Director of Karolinska Development AB from 2017 to 2019 and as Chief Executive Officer of BBB Therapeutics BV from 2014 to 2015. Prior to that, he was President and Chief Executive Officer Europe of Makhteshim Agan Industries Ltd. (now ADAMA); President and Chief Executive Officer of Humabs BioMed SA; and Chief Executive Officer of Nitec Pharma AG (now Horizon Pharmaceuticals). He has also served in various executive roles at Serono, Pfizer and Pharmacia. He has a significant operational global experience of the pharmaceutical industry especially from the US, Japan and Europe.

**Other assignments:** Chairman of Härfstrand Consulting AG and board member of Prothena Inc.

Independent in relation to Oasmia, the company management and to major shareholders of the company.



## Hege Hellström

Member of the Board since September 2019.

Born: 1965

Share holdings: –

**Education:** B.Sc., Medical Laboratory Scientist, 1985, Oslo Metropolitan University, Norway

**Previous experience:** Hege worked at the biotechnology company Sobi from 2013 until 2018 and was president for EMENAR (Europe, Middle East, North Africa and Russia). Prior to that, she was globally responsible for the Cardiovascular business area within Sanofi, VP Renal Europe and Head of Regional Liaisons at Sanofi, VP Renal and Endocrine Europe at Genzyme and General Manager Benelux at Genzyme. Before Genzyme, she was 13 years at Baxter.

**Other assignments:** Founder and manager of Belnor BVBA, a consultancy and investment company. She is also a non-executive Board member at Camurus AB (CAMX.ST), a Swedish biotech company, and Advicenne (Euronext: ADVIC), a French pharmaceutical company.

Independent in relation to Oasmia, the company management and to major shareholders of the company.



## Sven Rohmann

Member of the Board since March 2019.

Born: 1962

Share holdings: 230,630 shares.

**Education:** MD Johannes Gutenberg University, PhD Erasmus University and MBA European Business School and Kellogg's University.

**Previous experience:** CMO for Immudyne Inc, CEO of Adiuvo Investments SA, General Manager Europe for healthcare venture fund Burrill & Co, Vice President Biotec Pharmacon ASA, venture capital fund manager for Novartis Pharma AG, Managing Partner for Nextech Venture, Switzerland, CEO of BioVision AG, CEO of Ganymed Pharmaceuticals AG, and globally responsible for oncology for Merck Serono.

**Other assignments:** Chairman of Helix Biopharma Corp., ImVision GmbH & Inc. Advisor and Chief Business Development Officer to Oryx GmbH (translational medicine) and Center for Molecular Medicine, KI and TCER AB.

Not independent in relation to Oasmia and the company management, independent in relation to major shareholders of the company.



## Birgit Stattin Norinder

Member of the Board since May 2020.

Born: 1948

Share holdings: –

**Education:** M.Sc in Pharmacy from Uppsala University

**Previous experience:** Extensive experience from international pharmaceutical and biotechnology companies in Sweden, USA and United Kingdom. Amongst many positions she has served as CEO and Chairman of Proflix Ltd., Senior VP Worldwide Product Development, Pharmacia & Upjohn and Dir. Int. Reg. Affairs Division, Glaxo Group Research Ltd. Birgit has also held several board and chairman positions of European biotechnology companies.

**Other assignments:** Member of the Board of AddLife AB, Hansa Biopharma AB and Jettesta AB.

Independent in relation to Oasmia, the company management and to major shareholders of the company.



## Peter Zonabend

Member of the Board since March 2019.

Born: 1980

Share holdings: 500,000 shares.

**Education:** LL.M from Stockholm University, EMLE from Erasmus School of Law, Bsc in Business and Economics from Stockholm University and DU EAED from Aix Marseille Université.

**Previous experience:** CEO of Victoria Investments Holding Ltd, 2010-2017, Law Firm Fylgia, Law Firm Björn Rosengren.

**Other assignments:** CEO Arwidsro, board assignment within Arwidsro.

Independent in relation to Oasmia and company management, not independent of major shareholders in the company.

## Auditor in charge

### Duane Swanson

Authorized auditor, KPMG AB

# Group management



## **François Martelet**

Chief Executive Officer

Born: 1960

Shareholding: 896,739 stock options

François Martelet is an experienced Pharma executive with a proven track record of shaping companies and turning around underperforming units. He has held three CEO positions in the last 12 years. He has spent most of his career in the oncology field, as CEO of Avax and Topotarget, as well as in executive roles at senior level at Roche, Eli Lilly, Novartis and MSD. He has been based in six countries in Europe (including Sweden) and in the US. François Martelet is a French Medical Doctor, with a Masters Degree in Business. He speaks four languages, among them Swedish.



## **Elin Trampe**

Chief Technical Officer

Born: 1980

Shareholding: –

Elin Trampe has a Master of Science in Industrial Engineering and Management and has many years of experience from various leading positions within Supply Chain, Project Management and Category Development in large international companies. Most recently she was at General Electric Global Operations, working towards the Healthcare business.



## **Reinhard Koenig**

Acting Chief Medical Officer

Born: 1960

Shareholding: –

Reinhard Koenig has more than 30 years of pharma and biotechnology experience. He has extensive experience of leading positions within global pharmaceutical companies. Previous companies include Genentech, Boehringer Mannheim and Piramal Critical Care.



## **Michael af Winklerfelt**

Chief Financial Officer

Born: 1972

Shareholding: 37,760 shares

Michael af Winklerfelt has more than 15 years of experience from senior finance roles in leading international companies. He worked for ten years in China for the Atlas Copco Group and most recently spent three years in the United States in the medical device field. He has an MBA, an M.Sc. in Economics and Business and an unfinished B.A. in Chinese.