

Corporate governance report

Swedish Orphan Biovitrum AB (publ) is a Swedish public limited liability company with its registered office in Stockholm, Sweden. Sobi is listed on Nasdaq Stockholm. This report for the 2022 financial year has been audited. Sobi is an international biopharmaceutical company focused on rare diseases with in-house capabilities that stretch from R&D and biologics manufacturing to distribution and commercialisation.

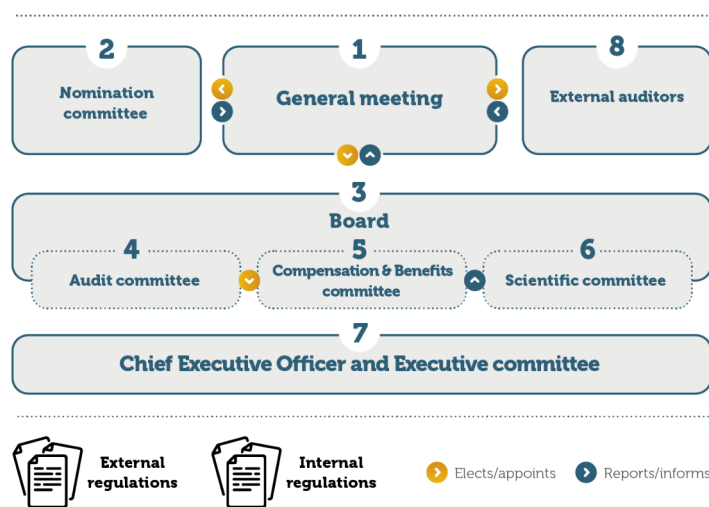
In addition to Swedish legislation and other regulations, the Group's corporate governance is based on the Swedish Corporate Governance Code and the Nasdaq Stockholm Nordic Main Market Rulebook for Issuers of Shares. Sobi complies with the Swedish Corporate Governance Code without any deviations and has not breached the Nordic Main Market Rulebook for Issuers of Shares or standards of good practice for listed companies. The Swedish Corporate Governance Code is available at www.bolagsstyrning.se and the Nordic Main Market Rulebook for Issuers of Shares is available at www.nasdaqomxnordic.com.

This corporate governance report summarises how corporate governance is organised and how it was carried out in 2022. The report has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Corporate Governance Code. The illustration below provides an overview of Sobi's corporate governance structure, which is then described in more detail in this report.

In addition to the external regulations set out above, there are also a number of internal regulations in place to support Sobi's corporate governance, such as the Articles of Association, Rules of Procedure for the board and its committees, CEO instructions and Sobi's governing documents with Sobi's Code of Conduct as a portal document.

1. General meeting

Sobi's highest decision-making body is the general meeting through which shareholders have the right to make decisions on Sobi's affairs. The AGM must be held within six months of the end of the financial year, and extraordinary general meetings may be held if the board deems it necessary,



or at the request of Sobi's auditors or shareholders holding at least 10 per cent of all shares in the company. The AGM adopts the income statement and balance sheet, resolves on the appropriation of profits and elects board members, the chair and auditors.

Sobi does not apply any special arrangements with regard to the function of the general meeting, either on the basis of provisions in the Articles of Association or, to the extent they are known to the company, shareholder agreements.

The Articles of Association state that the AGM is to be held in Stockholm or Solna. At present, Sobi has not found that the composition of the shareholder base calls for any special measures to enable shareholders to follow the AGM remotely. Notice of the AGM is published in The Official Swedish Gazette (Post- och Inrikes Tidningar) and on the company's website. When this has been done, an announcement to this effect is published in Svenska Dagbladet.

2022 AGM

The AGM was held on 10 May 2022 in Stockholm. Due to the coronavirus, the shareholders were able to exercise their voting rights at the meeting also by postal voting in accordance with the regulations in Sobi's Articles of Association. The meeting was attended by 300 shareholders (328) in person, by postal voting or by proxy. They represented 64.0 per cent (64.3) of the total number of votes. Lawyer Eva Hägg was elected to chair the meeting.

The complete minutes and information from the 2022 AGM are available at sobi.com.

Resolutions 2022 AGM

The following resolutions were inter alia adopted by the 2022 AGM:

- Re-election of six board members
- Election of one new board member
- Re-election of the chair
- Re-election of Ernst & Young AB as auditor
- Remuneration of the board members and auditors
- Approval of the board's remuneration report for 2021
- Discharge from liability for the board and CEO for the 2021 financial year
- Introduction of long-term incentive programmes

2023 AGM

The AGM will be held on Tuesday, 9 May 2023. For more information about the AGM, please refer to page 161.

Shareholders, share capital, the share and voting rights

At year-end, Sobi had a total of 21,914 (24,685) shareholders. Investor AB was the largest shareholder, with 34.7 per cent (35.0) of the share capital and 34.7 per cent (35.0) of the votes. The 15 largest shareholders accounted jointly for 74.5 per cent (73.4) of the share capital and 74.5 per cent (73.4) of the votes. No shareholders other than Investor AB have a direct or indirect shareholding that represents one-tenth or more of the votes for all shares in the company. Sobi's Articles of Association do not contain any restrictions on how many votes each shareholder may cast at a general meeting.

Nor do they contain any specific provisions on the appointment and dismissal of board members or amendments to the Articles of Association.

Conversion of shares and authorisations for the board

In order to secure commitments under long-term incentive programmes, the AGM on 10 May 2022 adopted (i) a private placement of redeemable and convertible C shares, (ii) authorisation for Sobi's board to make decisions regarding the repurchase of issued C shares, and (iii) the transfer of Sobi's own shares to participants in the programme.

The AGM also resolved to transfer a maximum of 593,859 of Sobi's own shares in order to cover some expenses, mainly social security contributions, which may arise due to the 2019 Incentive Programme. The AGM also resolved to authorise the board to make decisions regarding the issue of shares and/or convertibles and/or warrants.

On 31 December 2022, Sobi held 13,789,723 shares in treasury. In 2022, all previously issued C shares were converted into ordinary shares. For more information about the total number of shares in the company, the different classes of shares and the votes carried by the company's shares, please refer to the section Share info.

Dividend policy

One of Sobi's most important objectives is to create long-term shareholder value. Sobi's board bases its evaluation of potential future dividends on several factors, including:

- The company's sustainable earnings trend
- The company's expansion potential and access to capital
- The company's operational risk
- The dividend's impact on liquidity in terms of cash flow

The board proposes that no dividend be paid for 2022. Sobi deploys capital in support of its business model; continuously looking for opportunities to augment its business and pipeline. As Sobi seeks new medicines to either license or acquire, the company applies a solid set of capital-allocation priorities. They include a focus on rare diseases, preferably in haematology or immunology, medicines in late-stage development or already marketed with peak sales potential between USD 150-500 M and with a preference for not diluting the EBITA margin.

2. Nomination committee

The Nomination committee represents Sobi's shareholders and is tasked with preparing the AGM's resolutions on election and remuneration matters.

According to the instructions and statutes adopted by the AGM on 9 May 2019, the Nomination committee shall consist of four members: the chair of the board and one representative from each of the three largest shareholders in terms of votes in the company on the last banking day of August, based on ownership statistics from Euroclear Sweden AB, who wish to appoint a representative. The Nomination committee observes the rules on the independence of board members according to the Swedish Corporate Governance Code. The names of the members of the Nomination committee prior to the 2023 AGM were published on the company's website on 10 October 2022.

In the period up to the 2023 AGM, the Nomination committee has the following composition: Petra Hedengran (Investor AB) and chair of the Nomination committee, Lennart Francke (Swedbank Robur Fonder AB), Thomas Ehlin (Fourth Swedish National Pension Fund) and Håkan Björklund, chairman of the board of Sobi. Prior to the 2023 AGM, the Nomination committee

held six minuted meetings. As a basis for its work, the Nomination committee has taken note of the chairman's account of the board's work. The Nomination committee has prepared proposals for the AGM regarding the election of board members, remuneration of board and committee members, appointment of auditor, auditor fees and chair of the AGM.

3. Board/chair of the board

Sobi is a specialised international biopharmaceutical company transforming the lives of people with rare and debilitating diseases. The portfolio contains both medicines and projects at various stages of development. It is therefore crucial that board members have relevant experience from marketing and research in the pharmaceutical industry, as well as solid financial expertise. The board is responsible for the Group's organisation and management. The board also decides on overall objectives, strategies, the financial structure, policies, appointment of the CEO, remuneration of the Executive committee, acquisitions, divestments and major investments. The board produces annual and interim reports and proposes dividends to the AGM.

Nomination committee prior to the 2023 AGM

Name/Representing	Votes 31 Dec. 2022, %	Votes 31 Dec. 2021, %
Petra Hedengran, chair of the Nomination committee, Investor AB	34.7	35
Lennart Francke, Swedbank Robur Fonder AB	1.9	1.4
Thomas Ehlin, Fourth Swedish National Pension Fund (AP4)	6.5	6.7
Håkan Björklund, chairman of Swedish Orphan Biovitrum AB (publ)	0.0	0.0
Total	43.1	43.1

The board's work is based on its charter, the CEO instructions and the principles for the division of work between the CEO, chair of the board, board members and committees established by the board. The board charter and the CEO instructions are revised and updated once a year.

Composition of the board

The company's board shall comprise a minimum of three and a maximum of 12 members. The Nomination committee represents the shareholders and is responsible for preparing the AGM's decisions on matters related to election and remuneration and, when applicable, procedural matters for the next Nomination

committee. The Nomination committee has applied rule 4.1 of the Swedish Corporate Governance Code as a diversity policy. The objective of the policy is that the board shall have an appropriate composition with regard to the company's business, stage of development and situation in general, characterised by versatility and breadth in respect of the competence, experience and background of members elected by the AGM, and that efforts shall be made to achieve an even gender distribution. As set out in the Nomination committee's motivated opinion to the 2022 AGM, the Nomination committee has taken into account the importance of a well-functioning composition of the board in terms of diversity, including gender, nationality, professional experience and experience of sustainability work, and strives to achieve and maintain an equal gender balance. The current composition of the board is the result of the Nomination committee's work prior to the 2022 AGM.

The 2022 AGM adopted the Nomination committee's proposal that the board, as of the 2022 AGM and until 31 December 2022, has consisted of seven elected members (six re-elected and one newly elected by the 2022 AGM) as well as two employee representatives appointed by the trade union organisations (plus two deputies for the employee representatives). Three of the elected board members are women.

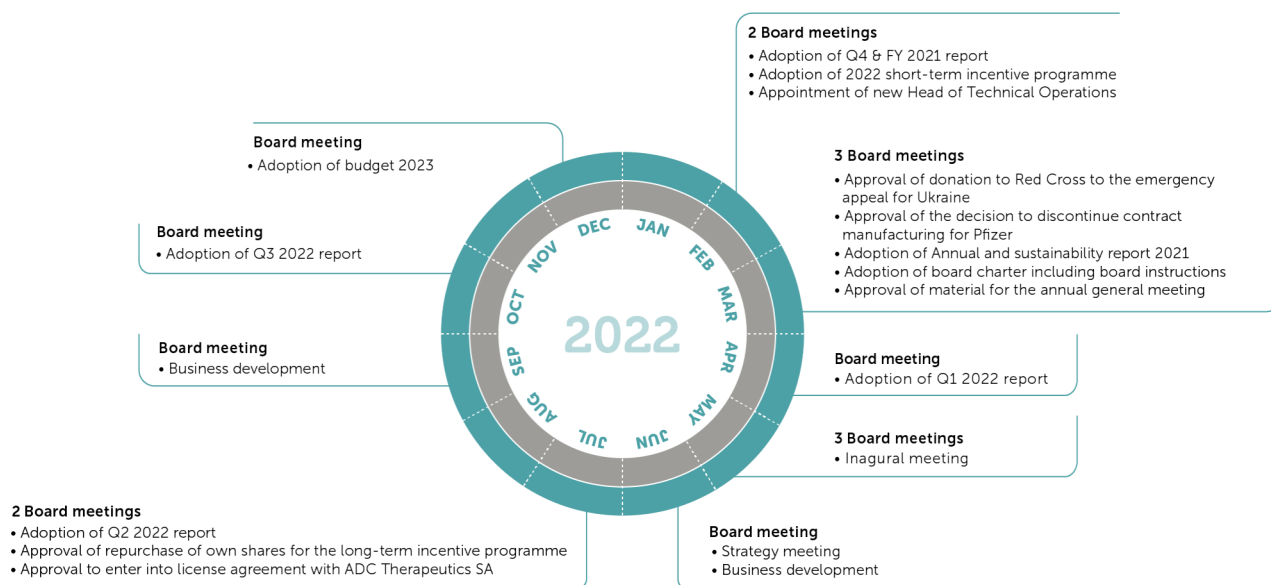
For more information about the board, see pages 113-115.

Independence

Sobi meets the Swedish Corporate Governance Code's independence requirements in that a majority of the AGM-elected board members are independent of the company and its management, and that at least two of them are independent of major shareholders. The table on page 108 shows the independence of board members on the publication date of this report.

Chair of the board

In addition to leading the board's work, the chair of the board's duties include monitoring the company's performance and ensuring that any important matters are addressed if required, in addition to those already on the agenda. The chair shall consult with the CEO on strategic matters, participate in important external relationships and represent the company in ownership issues. The chair is also responsible for ensuring that the board's work is regularly evaluated and that new board members receive adequate training.



Number of meetings

In addition to the statutory board meeting, the board shall meet at least four times per year, generally in connection with the publication of interim and annual reports and the AGM. Additional meetings or teleconferences are convened as necessary. The board conducts an in-depth strategic review of operations during at least one of the board meetings each year. For 2023, the board has scheduled a total of nine ordinary meetings in addition to the statutory board meeting.

Board work in 2022

In 2022, the board held a total of 15 meetings, of which nine were scheduled in addition to the statutory meeting, and five were extra meetings. Sobi's CEO and President attends board meetings, as does Sobi's General Counsel, who has served as secretary at the meetings. Other Sobi employees have attended in a reporting capacity. The number of extra board meetings was motivated by discussions related to business development projects. The matters addressed are shown in the illustration on previous page. The board members' attendance at board meetings is presented in the table on the following page.

Board fees

At the AGM on 10 May 2022, the board resolved that for the period until the next AGM, a fee of SEK 550 K would be paid to each of the elected board members except for the chairman, who would be paid a fee of SEK 1,675 K, and the deputy chairman, who would be paid a fee of SEK 900 K.

Fees for the Audit committee's work would be SEK 185 K for the chair and SEK 110 K for each of the other members. Fees for the Compensation & Benefits committee's work would be SEK 120 K for the chairman and SEK 70 K for each of the other members. Fees for the Scientific committee's work would be SEK 120 K for the chair and SEK 70 K for each of the other members. In 2022, board fees of SEK 6,041 K were paid, including remuneration for committee work.

It was further resolved that for each physical board meeting, a fee of SEK 20 K would be paid to board members residing in Europe but outside the Nordic region, and 3,500 USD to board members residing outside Europe.

The board members' remuneration for committee meetings is presented in the table below.

Evaluation of the board's work

The board conducts an annual evaluation of its work. The evaluation covers working methods and climate, and the main focus of the board's work. This evaluation also focuses on access to, and the need for, specific skills on the board. The evaluation is used as a tool for developing the board's work and serves as input for the Nomination committee's work. Every year, the chair initiates and leads the evaluation of the board's work. In 2022, the evaluation took the form of individual discussions between the chairman and individual board members. The chairman presented the results of the evaluation for the Nomination committee.

4. Audit committee

The Audit committee's main task is to address issues related to the company's accounting, auditing and financial reporting, and matters related to internal governance and control. The Audit committee consisted of three members, all who are independent of management:

- Helena Saxon (chair)
- Staffan Schüberg
- Filippa Stenberg

Sobi's CFO serves as secretary of the committee but is not a member. Sobi's CEO attended all meetings but is not formally a member. The committee held six meetings during the year. Sobi's auditor attended five of the meetings. The committee reports regularly to the board about its work. The board members' attendance and remuneration for committee meetings is presented in the table below.

	Remuneration (KSEK)							Attendance ⁱ			
	Independence	Fees	Audit committee	Compensation & Benefits committee	Scientific committee	Other ^v	Total	Board	Audit committee	Compensation & Benefits committee	Scientific committee
Håkan Björklund	x	1,642	–	118	–	–	1,760	15/15	–	8/9	–
Bo Jesper Hansen	x	600	–	–	47	20	667	8/8	–	–	1/1
Annette Clancy	x	538	–	–	80	30	648	12/15	–	–	1/1
Matthew Gantz	x	538	–	68	–	66	673	15/15	–	9/9	–
Helena Saxon	iii	538	182	68	–	–	788	15/15	6/6	9/9	–
Staffan Schüberg	x	538	108	–	–	30	677	12/15	6/6	–	–
Filippa Stenberg	iii	538	108	–	–	–	647	15/15	6/6	–	–
Elisabeth Svanberg ⁱⁱ	x	171	–	–	–	10	181	7/7	–	–	–
Pia Axelson	iv	–	–	–	–	–	–	15/15	–	–	–
Erika Husing	iv	–	–	–	–	–	–	15/15	–	–	–
Linda Larsson	iv	–	–	–	–	–	–	11/11	–	–	–
Katy Mazibuko	iv	–	–	–	–	–	–	11/11	–	–	–

i. The figures in the table show the totals for attendance/meetings. In 2022, the board held a total of 15 meetings, of which nine were scheduled in addition to the statutory meeting and five were extra meetings. The Audit committee held six meetings, the Compensation & Benefits committee held nine meetings, and the Scientific committee held one meeting.

ii. At the AGM on 10 May 2021, Elisabeth Svanberg stepped down from her position as board member, while Bo Jesper Hansen was appointed new ordinary member of the board.

iii. Board member does not qualify as independent in relation to major shareholders.

iv. Employee representatives.

v. For each physical board meeting, a fee of SEK 20 K (10) is paid to members who live in Europe but outside the Nordic region, and USD 3,5 K (3) to each member who lives outside Europe.

5. Compensation & Benefits committee

The Compensation & Benefits committee's task is to recommend guidelines and principles for Sobi's remuneration programmes. This includes a review of and proposals for the remuneration of senior executives, the long-term incentive programmes, pension plans and other issues related to employee benefits. Sobi's Compensation & Benefits committee consists of three members, who are all independent of management:

- Håkan Björklund (chairman)
- Helena Saxon
- Matthew Gantz

Sobi's General Counsel and Head of HR serves as secretary of the committee but is not a member. The Compensation & Benefits committee met nine times during the year. At these meetings, the committee discussed and monitored annual salary revisions and bonus outcomes for the CEO and senior executives, and proposed guidelines and allotments for the long-term incentive programme. The committee reports regularly to the board about its work.

A remuneration report has been prepared and will be presented at the 2023 AGM for adoption by the shareholders. The board members' attendance and remuneration for committee meetings is presented in the table above. For information about salaries and remuneration of the CEO and senior executives, please see Note 10.

6. Scientific committee

The Scientific committee's task is to provide advice on scientific matters, to evaluate the company's R&D strategies and to monitor and report to the board on scientific trends and new fields of R&D. Sobi's Scientific committee consist of two members, who are all independent of management

- Annette Clancy (chair)
- Bo Jesper Hansen

The committee held one meeting during the year.

Sobi's CEO and Head of Research & Development and Medical Affairs, Chief Medical Officer attended the meetings, but are not formal members. Head of Research & Development and Medical Affairs, Chief Medical Officer served as secretary of the committee.

The committee reports to the board about its work. The board members' attendance and remuneration for committee meetings is presented in the table above.

7. Chief Executive Officer and Executive committee

Sobi's Executive committee consists of the CEO and managers of the most important functions and regions. The Executive committee has a broad composition of members with extensive experience in R&D, the markets in which Sobi operates and the production and sale of medicines. In addition, members of the Executive committee hold the required competence in accounting, finance, law, communications and HR. In 2022, the Executive committee held one meeting every month. Due to the pandemic, several of these meetings were held virtually. For more detailed information about the Executive committee, see pages 116-118.

Each year, the board establishes the division of work between the board, the chair and the CEO. Operational management is based on the decision-making procedure adopted by the board, which is reflected in the organisational form and business model that govern Sobi and how the company works.

8. Auditor

Sobi's auditor is the auditing firm Ernst & Young AB (EY) with Authorised Public Accountant Jonatan Hansson as auditor in charge. EY was elected as Sobi's auditor until the end of the 2023 AGM and has been Sobi's auditor since the 2014 AGM. The auditor reviews the Q3 interim report and audits the Annual report and consolidated financial statements. The auditor also expresses an opinion on whether this corporate governance report has been prepared, and whether certain disclosures herein are consistent with, the annual accounts and

consolidated financial statements. The auditor reports the results of their audit of the annual accounts and consolidated financial statements and their review of the corporate governance report in the auditor's report, with a separate opinion on the corporate governance report, which they present to the AGM. In addition, the auditor presents detailed findings from their reviews to the Audit committee three times a year, and to the full board once a year.

For information about remuneration of the company's auditors, please see Note 11.

Sobi's internal control over financial reporting

The board is responsible for ensuring effective internal control systems in accordance with the Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (1995:1554) and the Swedish Corporate Governance Code. The board presents the most important elements of Sobi's internal control over financial reporting below.

Sobi's internal control framework

Sobi's description of internal control complies with the COSO Framework (Committee of Sponsoring Organizations of the Treadway Commission) which consists of five components: control environment, risk assessment, control activities, information and communication and monitoring activities.

The illustration below provides an overview of Sobi's framework for internal control over financial reporting and shows how the framework's components interact to ensure good internal control over financial reporting. The components are described in more detail below.

Control environment

The control environment constitutes the basis of Sobi's internal control. The control environment comprises culture on which the board and management base their work as well as processes and Sobi's internal regulations.

The control environment for financial reporting comprises processes with appointed key controls, clear roles and responsibilities, high competence and governing documents.

Sobi's governing documents are gathered on the company's intranet. Some of the governing documents with relevance for financial reporting are:

- Sobi's Code of Conduct
- Decision-making powers established by the board
- Authority policy
- Reporting instructions
- Accounting manual
- Treasury policy
- Risk management policy

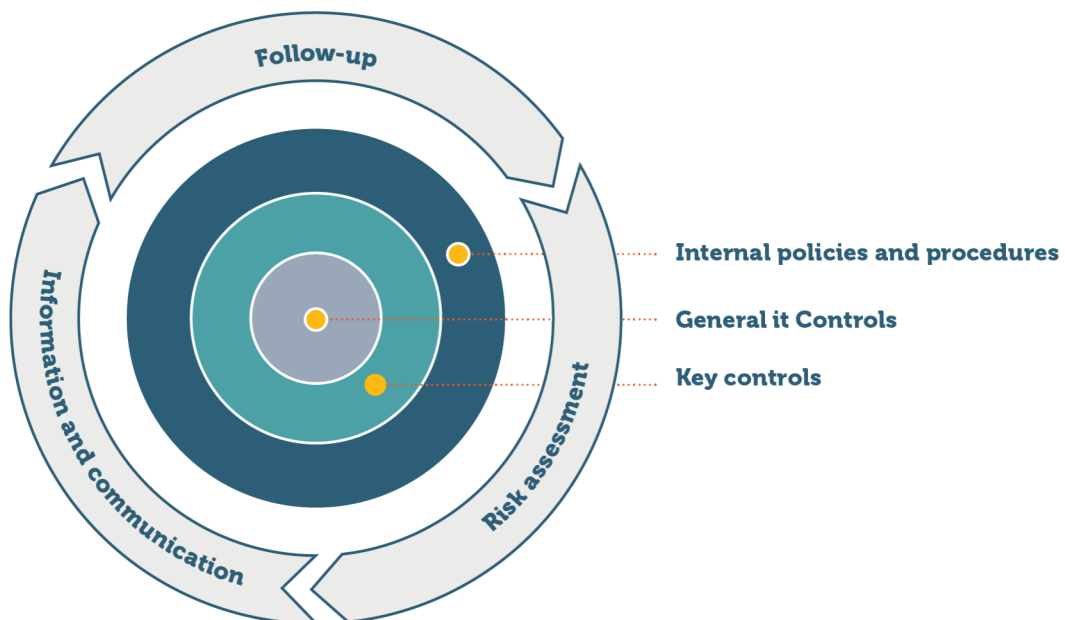
Risk assessment

The risk management process contributes with structures and systems to proactively identify and manage risks that could have a negative impact on the company's ability to achieve its targets. Sobi's risk management process is intra-organisational. In regard to financial reporting, risk assessment is performed at least annually.

Significant risks identified by Sobi are described on pages 40-42.

Control activities

The aim of control activities is to manage identified risks and contribute to strong internal control and organisational efficiency. Control activities applicable to financial reporting process include approval of decisions and transactions, account reconciliation and analytical monitoring. Sobi's identified key controls concerning the financial reporting process are described and documented in Sobi's control framework. Sobi's control activities are either manual or automated in Sobi's financial systems. Sobi also has general IT controls in place for managing its system environment. General IT controls include identity and access management and change management.



Information and communication

Sobi has internal information and communication channels to ensure that financial reporting disclosures are efficient and accurate. Sobi's intranet, which also includes the Finance Portal, is the main communication platform. The Group's financial organisation also holds continuous meetings with a focus on ensuring that everyone has enough information to ensure accurate financial reporting. The board and its Audit committee receive regular reports on the Group's financial position and performance.

Procedures for external information disclosure aim to provide the market with relevant, reliable and accurate information about Sobi's performance and financial position. The guidelines for financial reporting are set out in Sobi's Communication policy. Financial information is presented regularly in the form of:

- Interim reports
- Annual report
- Press releases about important news and events that could significantly affect the valuation of the company and the share price
- Presentations and teleconferences for financial analysts, investors and media representatives on the publication date of interim reports and in connection with the release of other important information
- Meetings with investors and financial analysts

Reports, presentations and press releases are published on sobi.com.

Follow-up

Forms of supervision of internal control are determined by the board and the Audit committee. Sobi's CFO is responsible for ensuring that internal control over financial reporting and have as support Head of Internal Control with the objective to strengthening, develop and monitor the internal control.

The board deals with all interim and annual reports prior to publication and monitors the review of internal control through the Audit committee.

Sobi's external auditor reports their observations and assessment of internal controls to the Audit committee.

Internal audit

Sobi does not have a separate internal audit function, but an internal control function that assess and monitor compliance with Sobi's internal control framework, together with the operational organisation.

The board and Audit committee regularly examine the issue of whether an internal audit function should be established and based on this year's internal control report do not consider that a separate Internal audit function is not necessary at present.

Activities that strengthened internal control in 2022

- Follow-up of the Group's internal control framework, using both self-assessment and internal control visits.
- Strengthening of controls in processes.
- Strengthening of collaboration with other control functions.

Activities in focus to further strengthen internal control in 2023

- Further development of the Group's framework for internal control over financial reporting.
- Implementation of system support for monitoring internal controls and risk.

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of Swedish Orphan Biovitrum AB (publ), corporate identity number 556038-9321.

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2022 on pages 103-111 and 113-118 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 standard RevR 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.

Stockholm, 31 March 2023
Ernst & Young AB

Jonatan Hansson
Authorised Public Accountant