

# 2023

## **Corporate Governance Report 2023**

Alligator Bioscience AB (publ)

# Corporate governance report

Alligator’s corporate governance is governed by the Nasdaq Stockholm rules for issuers, the Swedish Corporate Governance Code (the “Code”), the Swedish Companies Act, good practice in the stock market and other applicable rules and recommendations, and the Company’s Articles of Association and internal governing documents. The internal governing documents mainly cover the rules of procedure for the Board, the mandate to the CEO and the terms of reference for financial reporting. Alligator also has a number of policy documents and manuals containing rules and recommendations, laying down principles and providing guidance for the Company’s operations and for its employees.

This corporate governance report has been drawn up in accordance with the rules in the Annual Accounts Act and in the Code. The corporate governance report has been reviewed by the Company’s auditors in accordance with the provisions of the Annual Accounts Act, and the auditor’s opinion is included in the auditor’s report on page 93.

## Legal structure

### Shareholders

At the end of 2023, Alligator had 10,418 shareholders. On December 31, 2023, was 658,904,140 of which 657,954,290 (220,584,878) are ordinary shares with one vote per share and 949,850 (949,850) are series C shares with one-tenth of a vote

per share. The total number of votes in the company amounts to 658,049,275 votes.

Each ordinary share entitles the holder to one vote and the and series C shares shall carry one-tenth of a vote per share at the Annual General Meeting. Series C shares do not entitle to dividends. Upon the dissolution of the Company, series C shares shall carry equivalent right to the Company’s assets as other shares, however, not to an amount exceeding the quota value of the share.

Further details of Alligator’s shareholder structure, shares etc. are presented on page 19.

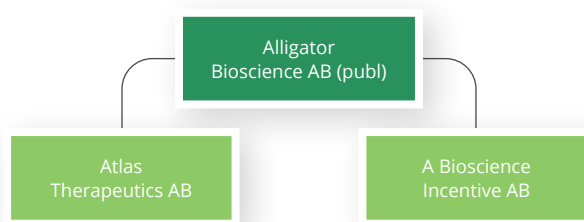
## Shareholders’ meeting

The shareholders’ right to decide on the Company’s affairs is exercised through the supreme decision-making body, the shareholders’ meeting (Annual General Meeting or any extraordinary general meeting). For example, the meeting decides on changes to the Articles of Association, appoints the Board and the auditors, approves the income statement and balance sheet, releases the Board and CEO from liability, decides on the appropriation of profit/loss, and adopts principles for appointing the Nomination Committee and guidelines for remuneration of senior executives.

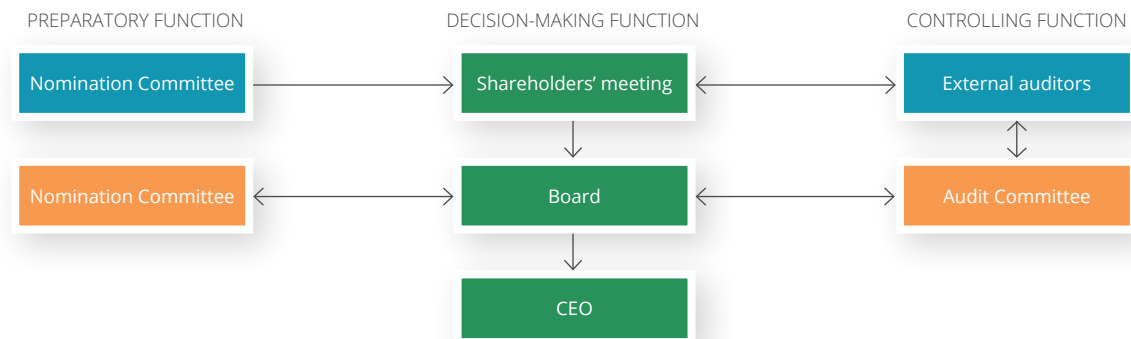
Shareholders may raise a given issue for discussion at the shareholders’ meeting. Shareholders who wish to exercise this right must submit a written request to the Board of the Company. Such requests must normally reach the Board no later than seven weeks before the shareholders’ meeting.

The shareholders’ meeting is held in Lund, Sweden. Invitations to the Annual General Meeting and any extraordinary general meeting which is to discuss changes to the Articles of Association must be sent out no more than six weeks and no later than four weeks before the meeting. Invitations to other extraordinary general meetings must be sent out no more than six weeks and no less than three weeks before the meeting. Invitations are published in Post- och Inrikes Tidningar (the Swedish government gazette) and on the Company’s website. The issuing of invitations is also advertised in Dagens Industri.

## Legal structure



## Overview of corporate governance in the Alligator Group



In order to participate in the shareholders' meeting, shareholders must be entered in the register of shareholders maintained by Euroclear Sweden AB no later than six working days before the meeting, notify the Company no later than the date provided in the meeting invitation. This day may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not be earlier than five working days before the shareholders' meeting.

### **Annual General Meeting 2023**

At the Annual General Meeting held on May 26, 2023, it was decided in accordance with the Nomination Committee's proposal to re-elect Anders Ekblom, Hans-Peter Ostler, Eva Sjökvist Saers, Graham Dixon, Staffan Encrantz and Denise Goode as Board members. Furthermore, it was decided to elect Öhrlings PricewaterCoopers AB as the new auditor. The Annual General Meeting resolved on fees to the Board in accordance with what appears under the heading "Remuneration to the Board" below. Finally, the Annual General Meeting also resolved on instructions and rules of procedure for the Nomination Committee in accordance with what appears under the heading "Nomination Committee" below.

### **Nomination Committee**

The Code stipulates that the Company should have a Nomination Committee whose duties should include preparing and producing proposals for the election of Board members, the Chairman of the Board, the chair of the shareholders' meeting and the auditors. The Nomination Committee should also propose the fees payable to Board members and auditors. At the Annual General Meeting on May 9, 2019, it was decided to adopt an instruction and rules of procedure for the Nomination Committee (valid until a decision is taken by the shareholders' meeting to change these) whereby the Nomination Committee should be made up of four members representing the three largest shareholders on the last working day of June, and the Chairman of the Board. The largest shareholders are owner-registered shareholders or other known shareholders as of the last working day in June. Before accepting the assignment, a member of the Nomination Committee should consider care-fully whether there is any conflict of interest.

If any of the three largest shareholders declines to appoint a representative, or their representative leaves or steps down before completing the assignment without the shareholder that appointed the member appointing a new one, the Chairman of the Board must invite the next-biggest shareholders in order of size down to the tenth largest (i.e. starting with the fourth-largest) to appoint a shareholder representative within one week of the request. If, despite such requests, only three members have been appointed four months before the Annual General Meeting, the Nomination Committee must be able to be constituted with three ordinary members and it must then be able to decide whether or not this procedure should be pursued to appoint the fourth member.

The members of the nomination committee should be published no later than six months before the Annual General Meeting on the Company's website. In the event of significant changes of ownership earlier than six weeks before the Annual General Meeting, a new shareholder representative should be appointed. The Chairman of the Board should then contact whichever of the three largest shareholders has no shareholder representative and invite them to appoint one. When this shareholder representative is appointed, they should join the Nomination Committee and replace the previous member who no longer represents one of the three largest shareholders.

The Nomination Committee must meet the requirements for its composition laid down in the Code. If the larger shareholders who are entitled to appoint members of the Nomination Committee wish to appoint people who cause the requirements for the composition of the Committee laid down in the Code not to be satisfied, a larger shareholder will take precedence over a smaller in its choice of member. When a new member is appointed as a result of significant changes in ownership, the shareholder who is to appoint a new member must consider the composition of the existing Nomination Committee. The Nomination Committee should appoint its own chairperson. The Chairman of the Board or other Board representative may not chair the Nomination Committee. The mandate for the appointed Nomination Committee will run until a new Nomination Committee is appointed.

Fees may be paid to the members of the Nomination Committee as decided by the shareholders' meeting.

In accordance with the adopted instructions, a nomination committee for the 2024 Annual General Meeting has been constituted consisting of Bertil Brinck representing Koncentra Holding AB, (Chairman of the Nomination Committee), Lars Bergkvist representing Roxette Photo NV, Magnus Petersson representing himself and Chairman of the Board, Anders Ekblom.

### **External audit**

The Company's auditor is appointed by the Annual General Meeting for the period up to the end of the next Annual General Meeting. The auditor reviews the annual report and accounts and the administration by the Board and the CEO. After each financial year, the auditor is required to submit an audit report to the shareholders' meeting.

The Company's auditor reports his/her observations from the audit to the Board each year, along with an assessment of the Company's internal control.

At the Annual General Meeting on May 26, 2023, Öhrlings PricewaterCoopers Aktiebolag was elected as the Company's auditor, with certified public accountant Ola Bjärehäll as chief auditor. The Annual General Meeting also decided that fees should be paid to the auditor in accordance with the usual charging rules and approved invoices. The auditor's fee for the 2023 financial year was SEK 1,548 thousand.

### **The Board of Directors**

#### ***Duties of the Board***

Next to the shareholders' meeting, the Board is the Company's highest decision-making body. The Board is responsible for the organization of the Company and the management of the Company's affairs, e.g., by setting its goals and strategy, maintaining procedures and systems to monitor the specified goals, continuously assessing the Company's economic situation and evaluating its operational management. The Board is also responsible for ensuring that correct information is given to the Company's stakeholders, that the Company complies with laws and regulations and that the Company produces and

implements internal policies and ethical guidelines. The Board also appoints the Company's CEO and decides on his/her salary and other remuneration based on the guidelines adopted by the shareholders' meeting.

### Composition of the Board

The members of the Board appointed by the shareholders' meeting are elected each year at the Annual General Meeting for the period up to the next Annual General Meeting. According to the Company's articles of association, the Board should comprise at least three and at most eight members, without deputies.

According to the Code, the majority of the Board members elected by the shareholders' meeting should be independent of the Company and of its senior management. To decide whether or not a member is independent, an overall assessment should be made of all matters that could cast doubt on the member's independence of the Company or its senior management. According to the Code, at least two of the members who are independent of the Company and of its senior management should also be independent of major shareholders. Major shareholders are those who directly or indirectly control 10 per cent or more of all shares and votes in the Company. To determine a member's independence, the extent of that member's direct and indirect relationships with the major shareholder should be

taken into consideration. A Board member who is an employee or board member in a company that is a major shareholder is not considered to be independent.

The Board's assessment is that all proposed board members are considered to be independent in relation to the company and its senior management and all proposed board members except Staffan Encrantz are also considered to be independent in relation to larger shareholders. As indicated, the Board of Directors is of the opinion that the Company meets the Code's independence requirements.

### Chairman of the Board

The role of the Chairman is to lead the work of the Board, and to ensure that its work is carried out effectively and that the Board can meet all its obligations.

The Chairman should meet with the CEO to monitor developments in the Company and ensure that the members of the Board are provided through the auspices of the CEO with the information needed to monitor the Company's position, financial planning, and development. The Chairman should also consult with the CEO on strategic matters and check that the decisions of the Board are implemented in an effective manner. The Chairman is responsible for contacts with shareholders on matters of ownership and for conveying the views of the share-

holders to the Board. The Chairman is not involved in the day-to-day work of the Company. Nor is he a member of senior management.

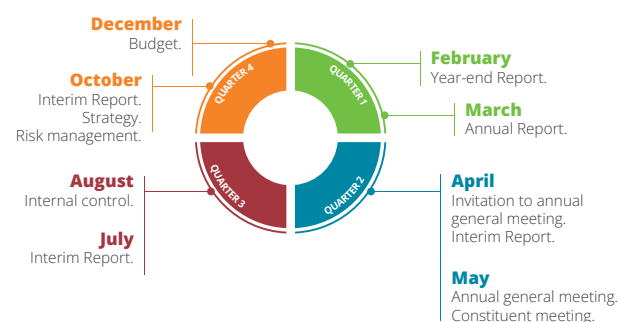
### Work of the Board

The Board follows written rules of procedure that are reviewed each year and adopted by the constituent Board meeting. Among other things, the rules of procedure govern the Board's working methods, tasks, decision-making within the Company, the meeting schedule for the Board, the tasks of the Chairman and the breakdown of responsibilities between the Board and the CEO. The terms of reference for financial reporting and instructions to the CEO are also adopted at the constituent Board meeting.

The work of the Board is also driven by an annual presentation schedule, to meet the Board's need for information. The Chairman and the CEO, along with the members of the Board, maintain an ongoing dialog on the management of the Company.

The Board meets according to a predefined annual timetable and should hold at least seven ordinary Board meetings between Annual General Meetings. Extra meetings may also be arranged to deal with matters that cannot be postponed to any of the ordinary meetings. In 2023, the Board met on a total of 17 occasions.

### Board meetings 2023



### Board and committee members 2023

Name	Position	Attendance		
		Board	Audit Committee (AC)	Remuneration Committee (RC)
Anders Ekblom	Chairman of the Board, Chair of the RC	17/17		2/2
Hans-Peter Ostler	Vice Chairman of the Board, Chair of the AC	17/17	6/6	
Graham Dixon	Board member, Member of the RC	16/17		1/2
Eva Sjökvist Saers	Board member, Member of the AC	16/17	6/6	
Veronica Wallin	Board member, Member of the AC	17/17	6/6	
Staffan Encrantz	Board member	17/17		
Denise Goode	Board member, Member of the RC	17/17		2/2
Laura von Schantz	Board member*, Employee representative*	3/17*		
Tova Landström	Board member**, Employee representative**	6/17**		
Anette Sundstedt	Board member***, Employee representative***	10/17***		

\*) January - February 2023, \*\*) March - May 2023, \*\*\*) As of July 2023.

The yearly evaluation of the Board has been performed by individual interviews with Board members and senior management about their view on the Board's work, composition, and areas for improvement. The feedback has been reported back to the Nomination Committee and the Board consolidated.

### **Remuneration of the Board**

Remuneration to Board members elected by the Annual General Meeting is decided by the Annual General Meeting. Ahead of the 2024 Annual General Meeting, the Nomination Committee will submit proposals regarding the fee. At the Annual General Meeting on May 26, 2023, it was resolved that board remuneration shall be paid with SEK 650,000 to the Chairman of the board of directors (SEK 650,000 previous year), with SEK 400,000 to the Vice Chairman of the board of directors (SEK 400,000 previous year) and with SEK 300,000 to each of the other board members who are not employed by the company (SEK 300,000 previous year). Furthermore, remuneration for committee work is proposed with SEK 125,000 to be paid to the Chairman of the Audit Committee (SEK 125,000 previous year), with SEK 50,000 to each of the other members of the Audit Committee (SEK 50,000 previous year), with SEK 50,000 to the Chairman of the Remuneration Committee (SEK 50,000 previous year) and with SEK 25,000 to each of the other members of the Remuneration Committee (SEK 25,000 previous year). See also Note 12, Payments to senior executives.

### **Audit Committee**

The Audit Committee monitors the Company's financial position and the effectiveness of its internal control and risk management. It keeps itself informed of the audit of the annual accounts and consolidated accounts, and reviews and monitors the impartiality and independence of the auditor. The Audit Committee should also assist the Nomination Committee with resolutions on the election of and fees payable to the auditor. Following the Annual General Meeting on May 26, 2023, the Audit Committee consists of Hans-Peter Ostler (Chairman), Eva Sjökvist Saers and Veronica Wallin.

### **Remuneration Committee**

The Remuneration Committee chiefly addresses questions of remuneration and other conditions of employment of the CEO and senior executives. The Remuneration Committee should also follow up and evaluate ongoing variable remuneration schemes for senior management and those schemes completed during the year and follow up and assess compliance with the guidelines on remuneration of senior executives decided on by the Annual General Meeting. Following the Annual General Meeting on May 26, 2023, the Remuneration Committee consists of Anders Ekblom (Chairman), Graham Dixon and Denise Goode.

### **CEO and other senior executives**

The CEO is subordinate to the Board and his main task is to handle the Company's day-to-day management and operations. The rules of procedure for the Board and the instruction to the CEO set out the matters to be decided by the Board of the Company and those for which the CEO is responsible.

The CEO is also responsible for producing reports and decision documents ahead of the Board meetings, and for presenting this material at Board meetings.

Alligator's Management Team consists of five persons: CEO, Chief Financial Officer, Chief Scientific Officer, Chief Technology Officer and Chief Medical Officer.

### **Remuneration of senior executives**

The remuneration of senior executives may consist of basic salary, variable remuneration, pension benefits, other benefits, and severance conditions. The CEO and other senior executives were paid salaries and other remuneration for the 2023 financial year as set out in Note 12.

The notice period for the CEO is six months, whichever party serves notice. The CEO will be entitled to a severance payment equal to six months' salary in the case of termination by the Company. The notice period for other senior executives is three months, whichever party serves notice. No severance payments have been agreed for other senior executives.

See also Guidelines for remuneration to senior executives on page 80.

### **Internal control**

The Board's responsibility for internal control is laid down in the Companies Act, the Annual Accounts Act, and the Code, which contains requirements to the effect that details of the major features of Alligator's systems for internal control and risk management in relation to financial reporting must be included in the corporate governance report. Among other things, the Board is required to ensure that Alligator has good internal control and formalized procedures to ensure that the established principles for financial reporting and internal control are adhered to and that there are suitable systems for follow-up and control of the Company's activities and the risks inherent in the Company and its operations.

The overall purpose of internal control is to provide reasonable assurance that the Company's operational strategies and goals are followed up and that the shareholders' investments are protected. The internal control should also provide reasonable assurance that external financial reporting is reliable and prepared in accordance with good auditing practice, that applicable laws and regulations are obeyed and that requirements for listed companies are complied with. Internal control essentially covers the following five components:

### **Control environment**

The Board bears the overall responsibility for internal control over financial reporting. In order to create and maintain a functioning control environment, the Board has adopted a number of policies governing financial reporting. These mainly comprise the rules of procedure for the Board, the mandate to the CEO and the terms of reference for financial reporting. The Board has also adopted a special set of signatory rules and a Financial Policy. The Company also has a finance manual containing principles, guidelines, and process specifications for accounting and financial reporting. The Board has also set up an Audit Committee whose main task is to ensure that the approved principles for financial reporting and internal control are complied with and that regular contact with the Company's auditor is maintained. The responsibility for maintaining an effective control environment and for the day-to-day work on internal control over financial reporting rests with the CEO. The CEO reports to the Board on a regular basis in accordance with the instruction to the CEO and the terms of reference for financial reporting. The Board also receives reports from the Company's auditor.

Based on a control environment assessed as good, and the size of the Company, the Board has determined that there are no special circumstances in the business or other matters to justify setting up an internal audit function.

### **Risk assessment**

The risk assessment involves identifying risks that could arise if the fundamental requirements for financial reporting in the Company were not met. In a separate risk assessment document, Alligator's Management Team has identified and evaluated the risks arising in the Company's operations and assessed how these risks can be handled. Within the Board, the Audit Committee bears the primary responsibility for regularly assessing the Company's risk situation, after which the Board carries out an annual review of the risk situation.



### **Control activities**

Control activities contain identified risks and ensure correct and reliable financial reporting. The Board is responsible for internal control and monitoring by senior management. This is done via both internal and external control activities and through review and follow-up of the Company's governing documents relating to risk management.

### **Information and communication**

The Company has information and communication paths designed to promote accuracy in financial reporting and to enable reporting and feedback from the business to the Board and management, such as by making governing documents in the form of internal policies, guidelines, and instructions available and known to the employees concerned. The Board has also adopted an information policy governing the Company's disclosure of information.

### **Follow-up**

Compliance with and effectiveness of the internal controls are followed up on a regular basis. The CEO ensures that the Board receives regular reports on the development of the Company's operations, including the development of the Company's results and financial position and details of significant events such as research findings and major agreements. The CEO also reports on these matters at each Board meeting.