

# CORPORATE GOVERNANCE REPORT

SynAct Pharma AB (publ) ("SynAct") is a Swedish public limited company based in Lund whose shares have been traded on Nasdaq Stockholm since July 12, 2022. Before that, the Company's shares were listed on Spotlight since 2016. Since the listing on Nasdaq Stockholm, SynAct applies the Swedish Code for Corporate Governance (the "Code").

This corporate governance report has been prepared in accordance with the provisions of the Annual Accounts Act and the Code. The corporate governance report has been reviewed by the Company's auditor in accordance with the provisions of the Annual Accounts Act. The auditor's statement is attached to the report.

## PRINCIPLES OF CORPORATE GOVERNANCE

Corporate governance refers to the systems through which the shareholders, directly or indirectly, control SynAct. Good corporate governance is an essential component in the work to create value for SynAct's shareholders. Corporate governance in SynAct is based on Swedish law, Nasdaq Stockholm's regulations for issuers and the Code. The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The company has not deviated from any of the rules laid down in the Code during the year.

In addition to the external regulations, there are also several internal regulations to support SynAct's corporate governance, such as the Articles of Association, Rules of Procedures for the Board and its committees, Chief Executive Officer (CEO) instructions and instructions for financial reporting. Furthermore, SynAct also has several policy documents and manuals that contain rules and recommendations, which contain principles and provide guidance in the Company's operations and for its employees.

## SHAREHOLDERS

On December 31, 2023, SynAct had 16,271 shareholders. Further information on the ownership structure is presented on page 29.

## GENERAL MEETINGS

The Annual General Meeting (AGM), or where applicable an Extraordinary General Meeting, is the ultimate decision-making body in SynAct where all shareholders are entitled to participate. The Articles of Association contain no restrictions on the number

of votes each shareholder can cast at a general meeting and no special provisions on amending the Articles of Association.

The AGM addresses the Company's progress and resolves on several key issues, such as the adoption of the income statement and balance sheet, allocation of result, discharge from liability for the Board of Directors and the CEO, and the election of Board of Directors until the next AGM. In addition, the annual general meeting elects an auditor for the Company and decides on his remuneration.

## Annual General Meeting 2023

The 2022 AGM, which was held on May 25, resolved to approve the income statement and balance sheet as well as the group income statement and group balance sheet. The AGM also resolved to dispose of the Company's results in accordance with the Board's proposal, grant discharge of liability to the Board and the CEO for the financial year 2022 and determined remuneration to the Board of Directors and the auditor. The Annual General Meeting also resolved to re-elect Thomas Jonassen, Terje Kalland, Uli Hacksell, Marina Bozilenko and Kerstin Hasselgren as ordinary members of the Board of Directors and Thomas von Koch as new ordinary Board member. Torbjörn Bjerke declined re-election as he took over as the company's CEO. KPMG AB was re-elected as auditor with authorized public accountant Linda Bengtsson as auditor in charge. The Annual General Meeting resolved to approve the Board of Directors' remuneration report for the financial year 2022.

At the 2023 AGM, the Board was also authorized to decide on the issue of shares, convertibles and/or warrants on one or more occasions and no later than the next Annual General Meeting. The total number of shares that can be issued (alternatively added through the conversion of convertibles and/or the exercise of warrants) must not entail a dilution effect of more than 20 percent of the registered share capital after the issue has been completed. The minutes of this meeting are available on the SynAct website.

## Extraordinary General Meeting 2023

An Extraordinary General Meeting is planned for March 20, 2024, where a group of shareholders, who together held >10% of the shares, requested an Extraordinary General Meeting to appoint a new Board of Directors.

## Annual General Meeting 2023

The 2024 Annual General Meeting will be held in Malmö on Thursday, May 23, at 1 p.m. Notice of the annual general meeting is published no earlier than six and no later than four weeks before the meeting. Proposals for the general meeting should be addressed to: SynAct Pharma AB, att: Legal, Scheelevägen 2, 223 63 Lund or via e-mail to [legal@synactpharma.com](mailto:legal@synactpharma.com) and sent in well before the notice of the general meeting is issued, no later than seven weeks before the general meeting.

## NOMINATION COMMITTEE

According to the resolution of the Annual General Meeting, the Nomination Committee (NC) shall consist of the Chairman of the Board as convener, as well as a representative for each of the Company's three largest shareholders per September 30 of the respective calendar year.

The Nomination Committee must prepare all elections and fee proposals that become relevant from the time a NC has been appointed until a new NC has been appointed. The Nomination Committee's task shall be to submit proposals before the upcoming Annual General Meeting regarding the election of the Chairman of the meeting, election of the Chairman of the Board and other Board members, decision on Board remuneration, divided between the Chairman, other members and potential remuneration for committee work, election of auditor and remuneration of auditors, as well as principles for the appointment of the Nomination Committee (if the NC considers that the applicable principles and instructions should be updated). The Nomination Committee for the 2024 Annual General Meeting consists of the Chairman of the Nomination Committee, Niels Ankerstjerne Sloth, appointed by Bioinvest ApS, Per Colleen, appointed by Tom Enterprise Public Capital AB, Anders Kronborg appointed by Goodwind Holding GmbH and Uli Hacksell, Chairman of the Board of Directors. The Nomination Committee shall prepare proposals regarding the Chairman of the Meeting, the composition of the Board of Directors and remuneration to the Board of Directors. The Nomination Committee held two meetings, all of which were via video link.

The work of the Nomination Committee has not been completed ahead of the Annual General Meeting, but will be resumed after the Extraordinary General Meeting on March 20. No remuneration is paid to the Nomination Committee.

An important part of the Nomination Committee's work is rule 4.1 of the Code regarding diversity policy. The objective of the policy is for the Board of Directors to have a composition appropriate to the company's operations, stage of development and other circumstances, characterized by diversity and breadth in terms of competence, experience and background, and that an equal gender distribution shall be strived for. The 2023 AGM resolved to appoint Board members in accordance with the NC's proposal, which resulted in the current Board. However, the Nomination Committee noted when developing its proposal that the Board composition consists of four men and two women, which, according to the NC, does not comply with the requirement for an even gender distribution. The Nomination Committee noted that the two most recent additions to the Board were women and that its ambition is for the gender distribution to improve over time.

The Code stipulates that the company shall, no later than six months prior to the Annual General Meeting, provide information about the names of the members of the Nomination Committee and, where applicable, which owner the member represents. The composition of the Nomination Committee for the 2024 Annual General Meeting was presented on SynAct's website on November 22, 2023.

## THE BOARD AND ITS WORK

SynAct's Board of Directors is elected annually at the Annual General Meeting for the period until the end of the next AGM, according to the Articles of Association, must consist of a minimum of four and a maximum of eight members. The Articles of Association lack special provisions on the appointment or dismissal of board members.

The 2023 Annual General Meeting discharged the members of the Board of Directors and the CEO from liability.

Name	Role	Elected	Independent in relation to		Attendance (total) <sup>1</sup>
			Company and Management	Major Shareholders	
Uli Hacksell	Chairman	2020	Yes	Yes	13(13)
Thomas Jonassen	Board member	2016	No	No	12(13)
Terje Kalland	Board member	2019	Yes	Yes	13(13)
Thomas von Koch	Board member	2023	Yes	Yes	5(6)
Kerstin Hasselgren	Board member	2022	Yes	Yes	13(13)
Marina Bozilenko <sup>2</sup>	Board member	2021	Yes	Yes	10(13)
Torbjørn Bjerke	ex Chairman	2016	No	Yes	6(7)

<sup>1</sup> Total refers to the number of meetings convened during the members term of office.

<sup>2</sup> Marina Bozilenko resigned from the Board of Directors in February 2024 at her own request.

A more detailed description of the Board is presented on pages 16-17.

The Annual General Meeting 2023 resolved that remuneration to the Board of Directors shall be paid with SEK 400,000 to the Chairman of the Board and with SEK 200,000 to each of the other Board members who are not employed by the company. In addition, it was resolved that fees of (i) SEK 100,000 shall be paid to the Chairman of the Audit Committee and SEK 50,000 to each of the other members of the Audit Committee and (ii) SEK 50,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other members of the Remuneration Committee and (iii) SEK 50,000 to the Chairman of the R&D Committee and SEK 25,000 to each of the other members of the R&D Committee.

The Board's work is governed by Rules of Procedures (RoP) that are adopted at least once a year. The RoPs regulate, among other things, the Board's working methods, duties, decision-making order within the Company, the Board's meeting schedule, the Chairman's duties and the division of labor between the Board and the Chief Executive Officer. Instructions regarding financial reporting and instructions to the CEO are also established at least once a year.

The Board meets according to an annually established schedule that includes six regular meetings. In addition to these Board meetings, additional Board meetings can be convened to deal with issues that cannot be scheduled for a regular Board meeting. The CEO and CFO attend most of the Board meetings.

In 2023, the Board held six ordinary meetings and seven extraordinary meetings. In most cases, extraordinary meetings have been prompted by major projects, such as financing and acquisitions. The Board of Directors has met with the company's auditors on four occasions, of which on two occasions without the presence of the CEO or other members of the company's management. Ola Grahn, attorney-at-law, Setterwalls Advokatbyrå AB, has served as secretary to the Board during the first half of the year, as well as on a few occasions. The company's CFO has on other occasions served as secretary to the Board of Directors. Fixed points at the Board meetings have been follow-up of the business against the budget and strategic plan. In addition, the Board of Directors has dealt with and made decisions on issues relating to research and development, financing, intellectual property rights, strategic direction and planning, budget, significant contracts, auditing, financial reporting and compensation issues.

The Board conducts an annual structured evaluation of the Board and the CEO and the results of this are shared with the Nomination Committee. The evaluation is carried out with the aim of developing the Board's working methods and efficiency. The evaluation consists of a questionnaire that is answered by the members, after which the answers are compiled and presented to the Board and then to the Nomination Committee through the Chairman of the Board.

## THE REMUNERATION COMMITTEE

Board of Directors' Remuneration Committee has continued to consist of Uli Hacksell (Chairman) and Terje Kalland. All members are independent in relation to the company and its management. The work is regulated in the Rules of Procedure for the Committee and includes dealing with and deciding on issues relating to remuneration and benefits to senior executives. The work also includes preparing other remuneration issues that are of great importance, such as incentive programs. In addition, the task is to monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, and to monitor and evaluate the application of the guidelines for remuneration to senior executives applicable during the year, as well as the current remuneration structures and remuneration levels, in Company. The Remuneration Committee reports to the Board of Directors. The Committee held four meetings in 2023.

Name	Role	Attendance (total) <sup>1)</sup>
Uli Hacksell	Chairman	3(3)
Terje Kalland	Member	3(3)

<sup>1)</sup>Total refers to the number of meetings the member serve in the committee.

## THE AUDIT COMMITTEE

The Board's Audit Committee consisted of Kerstin Hasselgren, Chairman of the Committee, and Marina Bozilenko, who has been a member throughout the financial year. The members of the Audit Committee have the requisite accounting expertise. The Audit Committee, whose work is regulated in accordance with the rules of procedure for the Committee, is tasked with preparing matters for the Board concerning audit procurement and fees, and following up on the work of the auditors and the company's internal control system, follow up on the current risk picture, follow up external audits and the company's financial information, prepare interim reports and the company's annual report, prepare and follow up on issues relating to financing, prepare the adoption and revision of the finance policy and other matters that the Board of Directors assigns the committee to prepare. The CFO participates as a rapporteur and the CEO also participates in

the committee's meetings. The Audit Committee reports to the Management Board. The Committee held five meetings in 2023, all of which were attended by the company's auditors.

Name	Role	Attendance (total) <sup>1)</sup>
Kerstin Hasselgren	Chairman	5(5)
Marina Bozilenko <sup>2)</sup>	Member	5(5)

<sup>1)</sup>Total refers to the number of meetings held during the respective members term of office.

<sup>2)</sup> Bozilenko resigned from the Board of Directors in February 2024 at her own request.

## THE R&D COMMITTEE

In August 2022, the Board of Directors established an R&D Committee, as a preparatory committee with the main tasks of (a) reviewing and approving decisions relating to matters relating to research and development, proposed by management, to be adopted by the Board of Directors; and (b) act as scientific advisors to the management of SynAct Pharma. The committee's work is governed by the Rules of Procedure for Committee. The Committee consists of Terje Kalland (Chairman), Uli Hacksell and Torbjørn Bjerke. The Committee held two meetings in 2023.

Name	Role	Attendance (Total) <sup>1)</sup>
Terje Kalland	Chairman	2(2)
Uli Hacksell	Member	2(2)
Torbjørn Bjerke	Member	2(2)

<sup>1)</sup>Total refers to the number of meetings held during the respective members term of office.

## AUDITORS

to the Articles of Association, SynAct shall appoint one or two auditors, with or without deputies, or a registered accounting firm.

At the 2023 Annual General Meeting, KPMG AB was continued as auditors with Linda Bengtsson as auditor in charge.

## MANAGEMENT

The Chief Executive Officer is responsible for the day-to-day management of the Company. The CEO, and under his leadership the other members of the management team, are responsible for the overall business operations and day-to-day management. The CEO regularly reports to the Board on the Company's business operations, financial results, and other issues relevant to the Company. At a Board meeting per year, the Board evaluates the CEO, whereby no one from the Company's Management is present. The CEO and the Management are presented on page 18-19.

## REMUNERATION TO SENIOR EXECUTIVES

The guidelines for remuneration to senior executives were not subject for adoption of the 2023 AGM decision but are unchanged since the 2021 AGM. The principles mainly mean that market and competitive wages and other terms of employment must be applied to Company Management. In addition to the fixed annual salary, Management can also receive variable salary, which shall be limited to 50% of the fixed salary and based mainly on technical and commercial milestones within the own pharmaceutical projects. In addition to fixed and variable salary, the Company must be able to offer pension benefits. Compensation in the form of options or other share-related incentive programs decided by the general meeting is not covered by the guidelines. The complete principles can be seen in the management report on pages 27-28. Salary and other remuneration for the financial year 2023 was paid to the CEO and other senior executives in accordance with what is stated in note 9.

## THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM REGARDING THE FINANCIAL REPORTING FOR THE 2023 FINANCIAL YEAR

According to the Swedish Companies Act and the Code, the Board is responsible for internal control. This description has been prepared in accordance with the Annual Accounts Act Ch. 6. § 6, and thereby describes the Company's system and routines for internal control in connection with financial reporting. Internal control and risk management regarding financial reporting is a process designed by the Board with the aim of providing the Board, Management, and other stakeholders within the organization with

reasonable assurance regarding the reliability of the external financial reporting and whether the financial reports are prepared in accordance with good accounting practice, applicable laws and regulations and other requirements for listed companies.

The overall purpose of internal control is to reasonably ensure that the Company's operational strategies and goals are followed up and that the owners' investment is protected. The internal control must further ensure that the external financial reporting is reliable with reasonable certainty and prepared in accordance with good accounting practice, that applicable laws and regulations are followed and that requirements for listed companies are complied with.

The control environment forms the basis for the internal control, which also includes risk assessment, control activities, information and communication and follow-up. Said components are described in more detail below.

### Control Environment

The Company's overall control environment follows Nasdaq's guidance for internal control and the principles for internal control defined in the so-called COSO<sup>1</sup> framework. The Board has the overall responsibility for the internal control regarding the financial reporting. To create and maintain a functioning control environment, the board has adopted several policies and governing documents that regulate the financial reporting. These mainly consist of the Board's Rules of Procedure, Instructions for the CEO, Rules of Procedures for committees established by the Board and Instructions for financial reporting. The board has also adopted a special policy for internal control, delegation of authority and a financial policy. The company also has a financial handbook that contains principles, guidelines, and process descriptions for accounting and financial reporting. The Board has also established an Audit Committee whose main task is to monitor the Company's financial reporting, to monitor the effectiveness of the Company's internal control, internal audit (to the extent that such a function is established) and risk management, as well as to review and monitor the auditor's impartiality and independence. Responsibility for the day-to-day work of maintaining the control environment

rests primarily with the Company's CFO, who reports continuously to the Board in accordance with established instructions.

In addition to the internal follow-up and reporting, SynAct's external auditors report during the financial year to the CEO and to the Board. The auditors' reporting gives the Board a good idea and a reliable basis for the financial reporting in the annual report.

### Risk assessment and control activities

The risk assessment includes identifying and evaluating the risk of significant errors in the company's business processes, which includes accounting and reporting at group and subsidiary level, employee- and payroll management, and more. Risk assessment is carried out continuously and according to established guidelines with a focus on the Company's essential business processes. Within the Board, the Audit Committee is primarily responsible for continuously evaluating the Company's risk situation, after which the Board conducts an annual review of the risk situation.

Control activities have been designed to manage the risks that the Board and Company Management consider to be significant for operational activities, compliance with laws and regulations and for financial reporting. Defined decision procedures, including attestation instructions are established for, for example, investments and signing of agreements. Where appropriate, automatic controls especially related to financial reporting have been established. Most control activities are integrated into SynAct's key processes, such as investments, supplier contracts and purchasing. Special controls exist in IT systems related to the processes that affect financial reporting.

### Information and communication

The most important governing documents regarding the financial reporting are continuously updated and communicated to the organization. Information channels are established to communicate to affected employees as effectively as possible. SynAct also has an information policy regarding both internal and external communication.

### Compliance

The compliance and effectiveness of the internal controls are continuously followed up through self-evaluation. The CEO ensures that the Board regularly receives reporting on the development of SynAct's operations, including the development of the Company's results and position, as well as information on important events, such as the development of individual projects. The CEO also reports on these issues at each Board meeting.

The Board and the Audit Committee review the Annual Report and interim quarterly reports and carry out financial evaluations in accordance with the established plan. The AC follows up the financial reporting and other related issues and regularly discusses these issues with the external auditors. The self-evaluation of the internal controls is reported to the AC and the board.

### Internal audit

SynAct has developed steering and internal control systems whose compliance is followed up regularly at various levels within the company. Against this background, the Board has assessed that there is currently no need to establish an internal audit. This assessment is reviewed annually by the board.

Lund, March 19, 2024

### The Board of Directors

1. Committee of Sponsoring Organizations (COSO) Internal Control Integrated Framework (May 2013).

## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in SynAct Pharma AB (publ), corporate identity number 559058-4826

### Engagement and responsibility

It is the Board of directors who is responsible for the corporate governance statement for the year 2023 on pages 70-73 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 recommendation 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.

Malmö, March 19, 2023

KPMG AB

### Linda Bengtsson

Authorized Public Accountant