

Corporate governance report



Introduction

The Board of Directors of Hansa Medical AB (publ), company reg. no. 556734-5359 (the "Company") hereby submits the 2014 corporate governance report in accordance with the requirements of the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance (the "Code"; see the Swedish Corporate Governance Board website at www.bolagsstyrning.se). Until such time as the Company applies to Nasdaq Stockholm for admission of the Company's shares for trading on Nasdaq Stockholm's main market, the Company's corporate governance was, first and foremost, regulated by the provisions of the Swedish Companies Act (2005:551). As a step in the Company's adaptation to the exchange, the Company is already applying the Code.

There was no nominating committee in 2014 since the Company did not apply the Code at that time, but a nominating committee has been established in 2015. The nominating committee intends to produce proposals for the annual general meeting, primarily in accordance with the requirements of the Code. The principles for the appointment of the nominating committee will be proposed prior to the 2015 annual general meeting of the Company. The Company does not have the same type of guidelines for remuneration to senior executives as are required of a company whose shares are admitted for trading on a regulated marketplace. However, the board of directors will propose such guidelines prior to the Company's 2015 annual general meeting. The corporate governance report has been reviewed by the Company's auditors in accordance with the Annual Accounts Act. It does not constitute a part of the formal annual report documents.

The Group comprises the parent company, Hansa Medical AB, and its wholly-owned subsidiary Cartela R & D AB. The subsidiary does not currently conduct any operations.

Shareholders

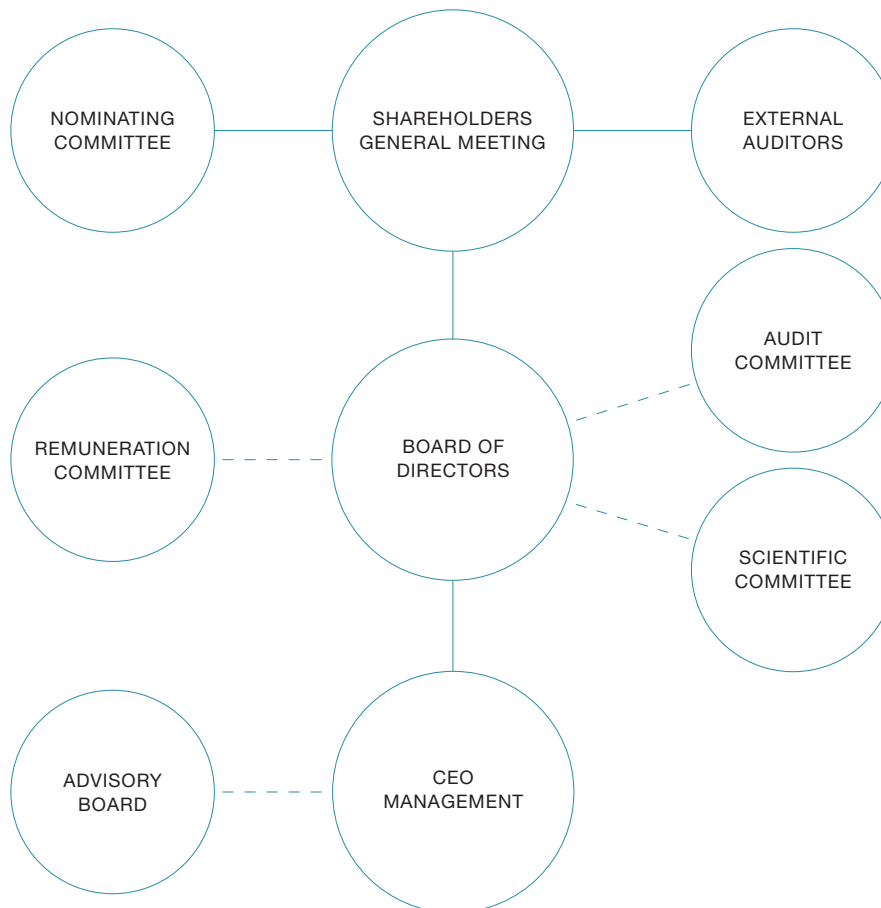
Hansa Medical AB's shares have been listed on Nasdaq First North since 2007. Information regarding the shareholders is set forth in the management report.

There are no limitations on the transferability of Hansa Medical's shares due to legal restrictions or provisions of the articles of association. To Hansa Medical's knowledge, no agreement has been entered into between any shareholders which might limit the transferability of the shares. Two shareholders, Nexttobe AB and Farstorps Gård AB, each own more than 10 percent of the Company's shares; 29.1%, and 27.5% respectively.

There was no infringement of Nasdaq First North's rules and regulations and no breach of good practice on the securities market reported by the stock exchange's disciplinary committee or the Swedish Securities Council during the financial year.

Hansa Medical's corporate governance model

The diagram set forth below illustrates Hansa Medical's corporate governance model and the central corporate bodies at the end of February 2014. There was no nominating committee or board committees in 2014.



Significant external and internal regulations and policies which affect corporate governance:

Significant internal regulations and policies:

- › Articles of association
- › Rules of procedure for the Board of Directors
- › Instruction for the CEO, including the financial reporting instruction
- › Disclosure policy
- › Insider instruction
- › Finance policy
- › Risk management policy

Significant external regulations:

- › Swedish Companies Act
- › Swedish Accounting Act
- › Swedish Annual Accounts Act
- › International standards for audits and financial reporting (IFRS)
- › First North Rulebook
- › Swedish Code of Corporate Governance

Information regarding Hansa Medical's shares

On 31 December 2014, the total number of shares was 25,929,603, with a quotient value of SEK 1. Each share carries one vote, and each person entitled to vote may vote for his or her full number of shares. Each share confers the right to an equally large percentage of the Company's distributable profits. On 3 June 2014, the annual general meeting resolved to authorize the board, on one or more occasions before the next annual general meeting, applying or disapplying shareholders' pre-emptive rights, to resolve upon a new issue of shares or issue of convertible instruments or warrants. Issues may take place in exchange for cash payment, payment in kind, or set off, or in other cases on terms as referred to in Chapter 2, section 5, second paragraph, points 1-3 and 5 of the Swedish Companies Act. The number of shares, convertible instruments, or warrants which may be issued on the basis of the authorization may not be limited other than as follows from the limits on share capital and number of shares as set forth in the articles of association from time to time. Acceptable reasons for the board to resolve to carry out an issue disapplying shareholders' pre-emptive rights, are to broaden the ownership base, acquire or enable acquisition of operating capital, increase liquidity of the shares, carry out corporate acquisitions, or acquire or enable acquisition of capital for corporate acquisitions. In the event of issues disapplying shareholders' pre-emptive rights, the subscription price must be on market terms as of the time of the issue resolution.

General meeting

The Company's highest decision-making body is the general meeting, where the shareholders' influence over the Company is exercised. Shareholders who wish to participate at a general meeting, personally or through a proxy, must be entered in the share register maintained by Euroclear Sweden AB five business days prior to the general meeting and must give the Company notice of intention to attend as described in the notice to attend the general meeting. Notices to attend general meetings are given through advertisement as well as on the Company's website (www.hansamedical.com). The annual general meeting must be held within six months from the close of the financial year. At the annual general meeting, the shareholders adopt resolutions regarding, among other things: the board and auditors; the procedure for appointing the nominating committee; and discharge from liability for the board and the CEO in respect of the preceding year. Resolutions are also adopted regarding: adoption of the annual report; disposition of profits or treatment of losses; fees for the directors and auditors; and guidelines for remuneration to senior executives.

The general meeting may be held in Lund or Stockholm. Shareholders who wish to have a matter considered at the general meeting shall request this in writing to the board no later than seven weeks before the meeting.

2014 Annual General Meeting

At the annual general meeting which was held on 3 June 2014, the annual general meeting adopted the 2013 annual accounts, adopted a resolution regarding treatment of the Company's loss, and granted the directors and CEO a discharge from liability. The general meeting resolved that no dividend would be paid. Bo Håkansson was re-elected as chairman of the board, and Stina Grestelius, Fredrik Lindgren, Birgit Stattin Norinder, Per-Olof Wallström and Cindy Wong were re-elected as directors. Anders Blom was elected as a new director. The general meeting adopted resolutions regarding election of an auditor and remuneration to the board and auditors. Bo Håkansson, chairman of the board, and directors Stina Grestelius, Fredrik Lindgren, Birgit Stattin Norinder, and Per-Olof Wallström along with the Company's auditor Ann Theander participated at the annual general meeting.

Minutes from the annual general meeting are available on Hansa Medical's website www.hansamedical.com.

Nominating committee

Hansa Medical had no nominating committee during 2014 since the Company was not applying the Code at that time but, in January 2015, representatives of Hansa Medical's three largest shareholders decided to organize a nominating committee. The nominating committee comprises Fredrik Bogren (representing Farstorps Gård AB, which owns approximately 27.5 percent of the shares), Anders Blom (representing Nexttobe AB, 29.1 percent of the shares), and Sven Sandberg (representing his own holding, 1.3 percent of the shares). Anders Blom is the chairman of the nominating committee.

External auditors

Pursuant to the articles of association, Hansa Medical must have a registered accounting firm as its external auditor. At the 2014 annual general meeting, authorized accountant Dan Kjellkvist, employed by KPMG AB in Malmö, was newly elected as auditor. Previously, Ann Theander was auditor of the Company. The auditor reviews the accounts and management of the Company and the Group as instructed by the annual general meeting. The external audit of the accounts of the parent company and the Group, as well as of the management by the board and the CEO, was carried out in accordance with generally accepted accounting standards in Sweden. The auditor participates in at least one board meeting per year, going through the accounts for the year and leading a discussion with the directors without the CEO present. The Company instructed the auditor to conduct an overall examination of an interim report during 2014 in accordance with the stipulations of the Code. The interim report for 1 January – 30 June 2014 has been audited. For information regarding fees paid to the auditors, please refer to note 5 in the 2014 annual report.

Board of directors

The overall task of the board is to manage the affairs of the Company in the best possible manner on behalf of the shareholders. The board must continuously evaluate the Group's operations, development and financial situation, as well as the operative management. The board of directors decides upon, among other things: issues concerning the Group's strategic focus and organization; business plans; financial plans and budget; significant agreements; major investments and commitments; and finance, disclosure, and risk management policies. The board must also ensure that the Company prepares insider instructions. The board works according to rules of procedure which are adopted annually and which govern the frequency and agenda of board meetings, distribution of materials for meetings, and matters to be presented to the board for information or for a decision. The rules of procedure also govern how the board work is allocated among the board and its committees. The board has also adopted CEO instructions which governs the allocation of work among the board, the chairman, and the CEO, and which defines the CEO's authority.

The chairman must keep herself well informed about, and monitor, the Company's business. The chairman is responsible for ensuring that the board's work is carried out efficiently and that the board fulfills its obligations in accordance with applicable laws and regulations, the Code, the articles of association, resolutions of the general meeting, and the board's own rules of procedure. The chairman is also responsible for ensuring that the directors regularly update their knowledge about the Company and that new directors receive necessary introductory training.

The chairman represents the Company in ownership questions and is responsible for the day-to-day contact with the CEO and senior executives. The chairman must also approve remuneration and other employment terms and conditions for senior executives. The chairman is also responsible for the Company's archives, in which minutes from all directors meetings and general meetings must be saved.

The chairman prepares board meetings together with the CEO. The notice of the meeting and the agenda are sent to the directors only after they have been approved by the chairman of the board of directors. After this, the notice is sent together with sufficient decision-making documentation to the directors. Each and every board

meeting includes a review of the business, including development and advances within research and development, business development, consolidated earnings and financial position, financial reports, and forecasts. Pursuant to the articles of association, the board must comprise not less than three and not more than ten directors elected by the general meeting, with no alternate directors. The board is quorate when more than half of the directors are present.

The articles of association do not contain any provisions regarding appointment or dismissal of directors or regarding amendment of the articles of association.

Directors' fees were set at the Company's 2014 annual general meeting for a period up to and including the next annual general meeting. The chairman is paid SEK 300,000, and each and every other director, with the exception of Anders Blom, is paid SEK 100,000. No remuneration other than the directors' fees has been paid. No pension premiums or similar benefits were paid to directors. None of the directors are entitled to benefits after completion of their duties. During 2014, total fees of KSEK 728 were paid to the directors. Please see the management report and note 4 in the 2014 annual report for additional information regarding employment terms and conditions for the board and senior executives.

Directors

Pursuant to the articles of association, Hansa Medical's board must comprise not less than three and not more than ten directors. The board currently comprises five individuals, including the chairman. Each director's term continues until the end of the next annual general meeting.

The following is a list of the directors, containing information regarding their years of birth and election to the board, experience, current engagements and engagements for the previous five years, holdings in other companies exceeding five percent and holdings of shares in the Company as of 29 April 2015. "Holding of shares in the Company" includes one's own holdings as well as those of closely-related persons. Other engagements within the Group are not stated.



Birgit Stattin Norinder, born 1948

Chairman of the Board of Directors since 2014; director since 2012. Masters in pharmacology.

Experience: Long-term experience from international pharmaceuticals and biotechnology companies. Previously CEO and chairman of the Board of Directors of Prolifix Ltd., Senior VP Worldwide Product Development Pharmacia & Upjohn.

Current positions: Director of Exini Diagnostics Aktiebolag, Jettesta AB, Nicox S.A., France.

Previous positions: Chairman of the Board of Directors of Wingfirm Pharma AB, Partners för Utvecklingsinvesteringar inom Life Sciences, P.U.L.S. AB and Index Pharmaceutical AB. Member of the Board of Directors of Karo Bio Aktiebolag and Antisoma Plc London, Great Britain.

Owens more than 5% of the shares in: Jettesta AB.

Number of shares: 23,205 shares



Stina Gestrelus, born 1949

Director since 2007. Civil engineer, med. dr. h.c., Malmö University, PhD in applied biochemistry.

Experience: Consultant, formerly Executive Vice President of Medicon Valley Alliance. 30 years of experience in the pharmaceuticals and biotechnology industries. Directorships in several listed life science companies. Entrepreneur and previously head of research at Biora AB.

Current positions: Director of BioActive Polymers in Lund AB.

Previous positions: Director of Lipopeptide AB, Intenz Biosciences Aktiebolag, C5 Ligno Technologies in Lund AB and Clavis Pharma ASA.

Sole proprietorship SigridScience.

Number of shares: 5,833 shares



Per-Olof Wallström, born 1949

Director since 2011. Licensed pharmacist.

Experience: 40 years of experience in the international pharmaceuticals industry (Merck, Astra, Pharmacia and BMS) and biotechnology as well as the development and commercialization of pharmaceuticals in large and small companies. CEO of Karo Bio AB, Melacure AB and Q-Med AB.

Current positions: Chairman of the Board of Directors of Arosgruppen Holding AB, Arosgruppen Fastigheter Fjärdingen AB, MB Eriksson Bygg och Fastighet AB, Camurus AB, and Patients Pending Ltd. Director of Arosia Communication AB, Aggal Invest AB and MediPlast AB. Founder of Arosia Communication AB.

Previous positions: CEO of Karo Bio Aktiebolag, Melacure AB and Q-Med AB. Chairman of the Board of Directors of K-B Thorin Arkitektkontor AB, Aros Arkitekter AB and Chemilla AB. Director of Swedish Orphan International AB, Index Pharmaceuticals AB and Envirotainer AB.

Owens more than 5% of the shares in: Arosia Communication AB and in MB Eriksson Bygg och Fastighet AB.

Number of shares: 14,000 shares



Cindy Wong, born 1959

Director since 2012. Medical degree from University of Adelaide. Specialist physician in both internal medicine and clinical immunology.

Experience: Broad experience in the areas of clinical medicine, clinical research and regulatory requirements for the registration of new pharmaceuticals and biotechnical products.

Current positions: Head of medicine at Q-Med Galderma.

Previous positions: None.

Does not own more than 5% of the shares in any company.

Number of shares: 12,503 shares



Anders Blom, born 1969

Director since 2014. MBA.

Experience: Previously worked as Business Controller at Pharmacia and as Senior Director for business development and strategy at Q-Med/Galderma. He is a partner of Nexttobe AB. He is also the Executive Vice President of Oasmia Pharmaceutical AB.

Current positions: CEO of EQUIDx AB. Executive Vice President of Oasmia Pharmaceutical AB. Chairman of the Board of Directors of Svenska Elitskon AB and VIVALAVIDA AB. Director of Delta Projects AB, BioLamina AB, Selego AB, and EQUIDx AB. Director of Razerbourse Ltd. (dormant).

Previous positions: CEO of Nexttobe AB, Director of Bencar AB.

Does not own more than 5% of the shares of any company.

Number of shares: 0 shares

The Board of Director's work in 2014

During 2014, the board held five ordinary meetings at which minutes were kept and five extraordinary meetings. The board was quorate at all meetings (in addition, the Board of Directors adopted resolutions per capsulum on four occasions). During 2014, the board secretary was advokat Tora Molander. Major matters addressed by the board during 2014 include the election of Fredrik Lindgren as new CEO, election of Birgit Stattin Norinder as new chairman of the board following the death of the previous chairman, Bo Håkansson,

the start of a phase II study, the election of an Advisory Board, and the Company's submission of an orphan drug application.

At the board meetings held during the 2014 financial year, the directors were present as set forth below. The number of meetings and the maximum number of directors who could have been present are stated in parentheses, given that one of the directors was newly elected during the financial year.

The reporting period is 1 January – 31 December 2014

Director	Elected	Annual fee, KSEK	Present at ordinary meetings	Present at extra meetings	Independent in relation to the Company and corporate management	Independent in relation to the Company's largest shareholders
Bo Håkansson ¹⁾	2007	168	4 (4)	2 (2)	Ja	Nej
Birgit Stattin Norinder	2012	144	5 (5)	5 (5)	Ja	Ja
Stina Gestrelius	2007	94	5 (5)	5 (5)	Ja	Ja
Per-Olof Wallström	2011	115	5 (5)	5 (5)	Ja	Ja
Cindy Wong	2012	94	5 (5)	5 (5)	Ja	Ja
Anders Blom ²⁾	2014	0	3 (3)	2 (3)	Ja	Nej
Fredrik Lindgren ³⁾	2012	113	5 (5)	4 (4)	Ja	Ja

¹⁾ Passed away 28 September 2014

²⁾ Joined the board at meeting held 6/2014

³⁾ Resigned as a director as a consequence of employment by the Company as CEO on 25 November 2014

Board committees

The Board of Directors did not have any committees in 2014. In January 2015, the Board of Directors formed an audit committee, a remuneration committee and a scientific committee.

Remuneration committee

The remuneration committee which the Company formed in January 2015 consists of Birgit Stattin Norinder, chairman, Stina Gestrelus and Per-Olof Wallström. The remuneration committee is charged with performing the duties set forth in the Swedish Corporate Governance Code. The committee is obligated to keep minutes of its meetings and make the minutes available to the Board of Directors.

The primary duties of the remuneration committee are to:

- › prepare decisions for the Board of Directors regarding remuneration principles, remuneration and other employment terms and conditions for senior management, among other things by proposing to the Board of Directors the guidelines for remuneration to senior management, to be adopted at the annual general meeting;
- › monitor and evaluate any programs pending or adopted during the year for variable compensation for senior management; and
- › monitor and evaluate the application of the guidelines for remuneration adopted by the annual general meeting, as well as applicable remuneration structures and levels for the Company.

Audit committee

The audit committee established by the Company in January 2015 consists of Anders Blom, chairman, Birgit Stattin Norinder and Per-Olof Wallström. The committee is obligated to keep minutes of its meetings and make the minutes available to the Board of Directors. The audit committee shall perform the duties incumbent upon audit committees as required by law and the Swedish Code of Corporate Governance.

The primary duties of the audit committee are to:

- › monitor the Company's financial reporting;
- › with respect to the financial reporting, monitor the effectiveness of the Company's internal control, internal audit and risk management;
- › inform itself of the audit of the annual reports and group accounts;
- › review and monitor the auditor's impartiality and independence and, in this context, particularly monitor whether the auditor is providing the Company with services other than auditing services;
- › take decisions regarding guidelines for services other than the auditing services which the external auditor can provide the Company;
- › assume responsibility for the preparation of the Board of Directors' work by ensuring that the Company's financial reporting maintains high standards;
- › assist the nomination committee in the preparation of proposals for resolutions by the shareholders' meeting regarding the choice of auditor and fees for the auditor's work;
- › meet with the Company's auditor on a regular basis in order to obtain information regarding the focus and scope of the audit

and to discuss the coordination between the external auditor and internal procedures for overview and insight into the Company's risks;

- › evaluate the auditor's work and inform the Company's nomination committee or, where applicable, special nomination committee regarding the results of the evaluation, and
- › assist the nomination committee in the preparation of proposals for nomination of the external auditor prior to the annual general meeting and proposals for fees for the external auditor's work.

Scientific committee

The scientific committee which the Company established in January 2015 consists of Lars Björck, chairman, Hans Wigzell, Stina Gestrelus, Birgit Stattin Norinder and Cindy Wong. The committee is obligated to keep minutes of its meetings and make the minutes available the Board of Directors.

The primary duties of the scientific committee are to:

- › assist the Board of Directors with recommendations regarding the Company's research and development strategies and possibilities;
- › perform such other duties as are considered necessary and appropriate in conjunction with the work set forth above; and
- › perform such other duties as instructed by the Board of Directors from time to time.

Executive management

The board appoints a CEO to manage the Company. The CEO is responsible for the day-to-day management of the Company in accordance with the board's instructions and guidelines. In addition to the CEO, there are four individuals who make up the executive management: the Chief Financial Officer (CFO) and Executive Vice President; the Chief Scientific Officer (CSO); the Chief Research Director (CRD); and the Chief Development Director (CDD). The management group holds meetings every month to discuss the Group's earnings and financial position, the status of research and development projects, strategic issues, and follow-up of budgets and forecasts.

The CEO's responsibility

The CEO is responsible for managing the Company's day-to-day operations pursuant to the board's guidelines and instructions. The CEO is also responsible, in accordance with the board's written instructions, for preparing and presenting to the board issues which fall beyond the scope of day-to-day management. He must act in the Company's best interests and in accordance with the decisions of the board and the general meeting, and in the best interests of all shareholders. He must also respect the fiduciary duty and duty of confidentiality which apply to affairs and circumstances which might cause damage to the Company if disclosed, as well as the duty to report matters and circumstances which are material to the Company.

The CEO must take any and all measures which are necessary to ensure that the Company's bookkeeping is legally compliant and to ensure that funds are managed in a satisfactory manner. Accordingly, it is the CEO's responsibility to ensure that the Company has good internal management and routines to ensure application of the adopted principles for financial reporting and internal control. The CEO is responsible for preparing annual reports and interim reports and, each month (with the exception of January) to compile a report regarding the Company's financial situation. He is responsible for ensuring that the Company complies with applicable laws and guidelines, including Swedish law, the First North Rulebook, and the Code. The CEO must ensure, at a minimum, that the six-month report or the nine-month report is examined by an auditor. The CEO also has specific responsibility to ensure the competitive supply of all purchases of goods or services exceeding SEK 1 million. The CEO must provide the board with all necessary background information and documentation, both before and between board meetings. The CEO must attend board meetings unless the

chairman informs him that he need not attend. The CEO must also attend all general meetings of the Company, including both annual general meetings and extraordinary general meetings. The CEO may not have any engagements outside of the Company without the board's approval.

The CEO is also responsible for implementing the strategy approved by the board and to propose such other strategies and operational measures to the board which he deems appropriate. The CEO is responsible for the Company's internal organization, but must obtain the board's approval prior to major organizational changes. The CEO is responsible for issuing and maintaining instructions for delegation to senior executives of the Company. He is also responsible for entering into or terminating employment agreements and for other employment terms and conditions; however the chairman's approval is necessary for such issues in respect of senior executives. In a serious crisis situation, it is the CEO's responsibility to inform the board immediately and, if necessary, to form and instruct a crisis committee and to prepare a contingency plan for the business. The CEO must immediately report any event or procedure which he suspects may be significantly adverse to the business or the Company's financial position, e.g. a liquidity crisis, to the chairman.

Information regarding the CEO's age, primary education, work experience, significant engagements outside of Hansa Medical, and his and closely-related persons holdings of shares in the Company and those of closely-related persons are set forth below.

Senior executives

Hansa Medical's senior executives currently comprise five individuals: the CEO Fredrik Lindgren (on leave of absence), the CFO and acting CEO Göran Arvidson, the Chief Scientific Officer Christian Kjellman, Chief Research Director Lena Winstedt and the Chief Development Director Emanuel Björne. Hansa Medical's current senior executives, the years when they assumed their positions, their years of birth, education, experience, shareholdings in Hansa Medical, current engagements, and engagements during the preceding five years are set forth below.

Engagements within the Group are not listed. In addition, shareholdings in the Company as of 29 April 2015 are stated. "Shareholdings in the Company" includes both one's own holdings and/or those of closely-related persons.



Fredrik Lindgren, born 1971

CEO since 2014, on leave of absence since February 2015. Law degree from Lund University and degree and financial analysis from the Stockholm School of Economics.

Experience: Many years of experience from the Nordic life science industry. Previously CEO of Karo Bio Aktiebolag, Biolin Scientific AB and previously CFO of Wih. Sonesson AB (now Midsona AB), COO of Meaning Green AB and deputy CEO of Active Biotech AB.

Current engagements: Chairman of the board of directors of Böle Garveri AB, Sustainably Yours AB, Exini Diagnostics Aktiebolag, ProstaLund AB, Larodan AB and Larodan Holding AB. Director of West Atlantic AB, Agbaleo AB, and Image Systems AB.

Previous engagements: Chairman of the boards of Svenskt Integrationskapital AB, Nickel Mountain Group AB, Nickel Mountain Resources AB, Nickel Mountain AB, Q-Sense Aktiebolag and Ostell AB.

Director of Biolin Medical Aktiebolag, Biolin Scientific AB, Genovis Aktiebolag, Karo Pharma AB and Borgeby Kids & Friends AB. CEO of Karo Bio Aktiebolag.

Number of shares: 23,333 shares



Göran Arvidson, born 1960

Executive vice President and Chief Financial Officer since 2015. MBA from the Stockholm School of Economics.

Experience: Extensive experience in the life science industry. Previously Executive Vice President and CFO of Swedish Orphan Biovitrum AB (publ) and has held a number of leading positions within Procordia AB and Pharmacia AB.

Current engagements: CEO of Arvidson Möller Consulting AB.

Previous engagements: Director of Biovitrum Treasury AB, Nya Paradiset 19 AB, Arexis AB and Fastighetsaktiebolaget Paradiset. External authorized signatory for Swedish Orphan Biovitrum AB (publ).

Number of shares: 3,000 shares



Christian Kjellman, born 1967

Chief Scientific Officer since 2008. Fil. mag. in chemical biology and a doctorate in medical science with a concentration in tumour immunology from Lund University.

Experience: Many years of research experience in cell biology and molecular biology. He was previously Senior Scientist at BioInvent International AB focusing on the evaluation of new pharmaceutical targets and application of antibody technology. Prior to that, Kjellman was the head of research at Cartela AB.

Number of shares: 0 shares



Lena Winstedt, born 1969

Head of clinical development since 2012. Doctorate in microbiology from Lund University and a Masters degree in molecular biology from Lund University and the University of Glasgow, Scotland.

Experience: Over ten years experience in clinical development of both protein pharmaceuticals and small molecules. She was most recently at BioInvent International AB, where she served as Clinical Project Manager focusing on phase I studies with antibody-based drug candidates in Europe and the United States. Prior to that, Winstedt worked as International Clinical Project Manager at the international biotech company Genmab A/S, and as a Clinical Research Associate at the pharmaceutical company H. Lundbeck AB.

Number of shares: 665 shares



Emanuel Björne, born 1973

Corporate Development Director since 2014, previously CEO since 2007. Civil engineering degree in technical physics with a concentration in biophysical chemistry from Lund University and the University of California at Santa Barbara in the United States.

Experience: Björne assumed his position in connection with Hansa Medical's listing on Nasdaq First North and spinoff from Biolin Scientific, where he served as technical project manager focused on technology analysis and market analysis in the analytical instrument, pharmaceutical, and diagnostic business areas. Prior to that, he was an analytical development chemist at PolyPeptide Laboratories, focusing on the development of analytical methods based on mass spectrometry and chromatography for peptide pharmaceuticals in an early clinical phase.

Number of shares: 21,300 shares

Internal control and risk management in respect of the financial reporting

Introduction

The following description is based on guidelines issued in 2008 by the Confederation of Swedish Enterprise and FAR.

The company's internal control procedures in respect of the financial reporting have been formulated to ensure, with reasonable certainty, quality and accuracy in the reporting. The procedures are designed to ensure that the reporting is prepared in accordance with applicable laws and regulations as well as the requirements which are imposed on companies with shares admitted for trading on a regulated marketplace in Sweden. The important prerequisites for achieving this are: (i) the existence of a satisfactory control environment; (ii) the execution of reliable risk assessments; (iii) the existence of established control structures and control activities; and (iv) satisfactory information, communications and follow-up.

Internal audit

The board has evaluated the need for an internal audit function and has concluded that it is not warranted for Hansa Medical due to the scope of the operations and because the board's follow-up of the internal control is deemed sufficient to ensure that the internal control is effective. The board will review the need in the event of changes which may give rise to re-evaluation and at least once annually.

Control environment

Internal control is based on Hansa Medical's control environment, which comprises the values and ethics from which the board, the audit committee, the CEO, the management group, and other employees communicate and operate. The control environment also includes the Company's organizational structure, leadership, decisional structure, decision-making authority, responsibility, and employee proficiency.

Risk assessment

Risk identification and evaluation must be carried out in the manner described above including regarding risks in respect of the financial reporting. As part of this procedure, items in the income statement and balance sheet entailing a great risk of significant error are identified. For Hansa Medical, accrued project costs in the Company's clinical projects have, at various times, involved significant amounts. The size of these is based, to great extent, on senior management's assessment of the degree of completion. For Hansa Medical, cash and equivalents, as well as current investments, comprise a significant percentage of the Company's total assets and are therefore deemed to give rise to a risk in the financial reporting. Moreover, the fact that Hansa Medical's administration is handled by a small number of individuals is listed as a risk since the dependency on a small number of key individuals becomes great and the possibility to allocate tasks and responsibility becomes limited. The Compa-

ny's financial handbook, which is to be prepared and adopted by the executive management, will include controls to prevent and detect shortcomings in these areas.

Control structure and control activities

The board's rules of procedure and the instructions for the CEO and board committees ensure a clear allocation of roles and responsibility. The board has overall responsibility for internal control. The CEO is responsible for the development of the system of routines, procedures and controls for the day-to-day operations. This includes, among other things, guidelines and role descriptions for the various decision-makers as well as regular reporting to the board based on established routines. Routines and activities have been designed to manage and rectify significant risks which are related to the financial reporting and which are identified in the risk analysis. The most significant, overall, group-wide corporate governance documents are the work procedures for the Board of Directors, instructions for the CEO, financial policy, disclosure policy, insider instructions, and risk management policy.

The primary purpose of control activities is the prevention and early-stage detection of errors in the financial reporting so that they can be addressed and corrected. There are both manual and automated control activities on both the overall and more detailed levels. Access to IT systems is limited in accordance with powers and authorization. The CFO must compile monthly financial reports which, among other things, are to report earnings and cash flow for the preceding period and state budget deviations. These reports, and above all the budget deviations, must be analyzed and commented upon by the executive management. Follow-up takes place through regular meetings for review of these reports and analyses with the various managers and project managers. In this way, significant fluctuations and deviations are followed-up, minimizing the risk of errors in the financial reporting. The work involved with annual accounts and annual reports are processes which pose additional risks for errors in the financial reports. This work is of a less repetitive nature and contains more evaluative elements. Important control activities include, among other things, ensuring that there is a properly functioning reporting structure in which the various managers and project managers report pursuant to standardized reporting templates, and that important income statement and balance sheet items are specified and commented upon.

Information and communication

The informational activities are governed by an information policy. There are guidelines for external communications which ensure that the Company meets high standards for providing correct information to the shareholders and the financial market. Hansa Medical's communications must be characterized by transparency and must be correct, relevant, reliable and clear; they may not be misleading. A uniform strategy for external communications reduces the risk of

erroneous information, rumours, and misunderstandings. All communications must take place in accordance with Nasdaq Stockholm's Issuer Rules, the Swedish Code of Corporate Governance, and the laws and requirements imposed on Swedish companies whose shares are admitted for trading on a regulated marketplace. The policy applies to all employees and directors of Hansa Medical and applies to both oral and written information.

The board adopts annual reports, financial statements and interim reports. All financial reports are published on the website www.hansamedical.com after having first been published pursuant to Nasdaq Stockholm's rules and regulations. The annual report is made available on the website and is provided as a hard copy to those shareholders who so wish.

Follow-up

The board's follow-up of internal control in respect of the financial reporting takes place, among other things, through follow-up of the work and reports of the CFO and the external auditors. The work includes ensuring that measures are taken in respect of the shortcomings and proposed measures generated in conjunction with the external audit. The focus of the follow-up is Hansa Medical's compliance with its own rules and the existence of efficient and suitable processes for risk management, operational management, and internal control. Each year, the external auditor follows up on the selected elements of the internal control within the parameters of the statutory audit. The auditor reports the results of the examination to the board and the executive management. Significant observations are reported, where applicable, directly to the board.

The CEO is responsible for compiling all experience from the Company's risk management work and, following discussions with the executive management, proposing any changes which the CEO deems necessary or applicable. The board will decide on any changes.

Auditors statement on the corporate governance report

To the Annual General Meeting of Hansa Medical AB, company reg. no. 556734-5359.

The Board of Directors is responsible for the corporate governance report for 2014 set forth on pages 68–79 and for ensuring that it is prepared in accordance with the Annual Accounts Act. We have read the corporate governance report and evaluated its statutorily-required content based on our knowledge of the company in order to form our opinion regarding whether the corporate governance report has been prepared and is consistent with the Annual Accounts Act and the consolidated accounts. We believe that a corporate governance report has been prepared and that its statutorily-required information is consistent with the Annual Accounts Act and the consolidated accounts.

Malmö, 29 April 2015

Dan Kjellqvist
Authorized public accountant

