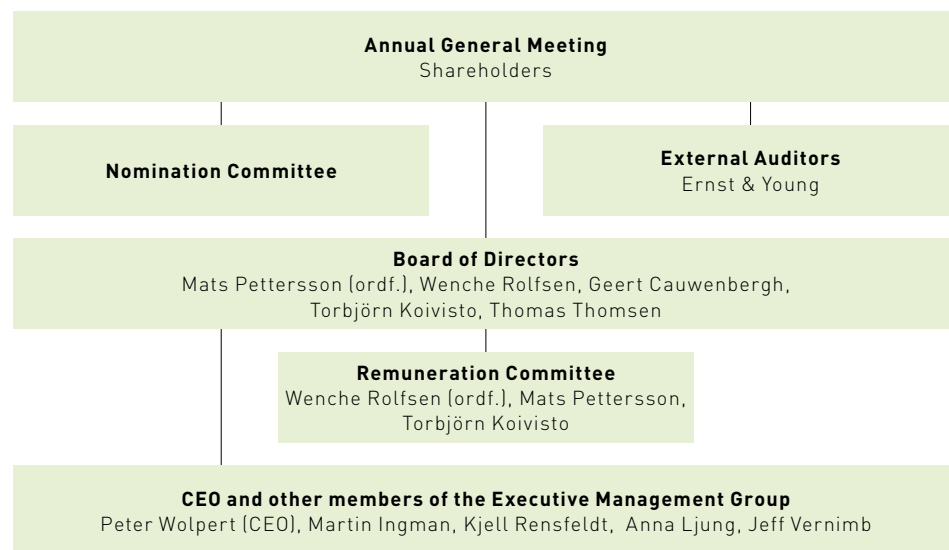


CORPORATE GOVERNANCE REPORT

Moberg Pharma AB (publ), corporation registration number 556697-7426, is a Swedish limited liability company headquartered in Stockholm, Sweden.

Prior to its listing on NASDAQ OMX Nordic Exchange Stockholm, the company's corporate governance activities were based on Swedish law and internal rules and regulations. The Company was listed on the NASDAQ OMX Nordic Exchange Stockholm on May 26, 2011 and has adhered to NASDAQ OMX Nordic Exchange Stockholm's rules for issuers and applied the Swedish Code of Corporate Governance ("Code") as of this date. This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance.

The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden and must be applied in full by the date of the first Annual General Meeting held after the listing. Companies are not required to comply with all rules contained in the Code but may choose alternative solutions that are deemed more appropriate for each company's specific circumstances, provided that deviations are explained, the alternative solution is described and the reasons explained (the



"comply or explain principle") in the company's Corporate Governance Report. Moberg Pharma has deviated from the Code only in the case of incentive programs introduced before the Code became applicable (May 26, 2011) as described below under "Share based incentive schemes". Information about the Code is available at www.bolagsstyrning.se.

Good corporate governance is an essential component of the work of generating value for Moberg Pharma's shareholders. The objective is to create sound prospects for an active and responsible ownership role, a well-balanced division of responsibility between the owners, Board of Directors and management and transparency towards owners, the capital markets, employees and society at large.

The figure below to the left illustrates Moberg Pharma's corporate governance model and how the central bodies operate.

Internal regulatory structures and policies that affect corporate governance

- Articles of Association
- Board of Directors' Rules of Procedure and CEO's Instructions
- Remuneration Principles for Senior Executives
- Risk Management Policy
- Finance Policy
- IT Policy
- Accounting Handbook
- HR Handbook
- Authorization Instructions
- Information Policy
- Code of Conduct

External regulatory structures that affect corporate governance

- The Swedish Companies Act
- Accounting standards
- Nasdaq OMX Nordic Exchange Stockholm's issuer regulations
- Corporate Governance

GENERAL SHAREHOLDERS' MEETING

In accordance with the Swedish Companies Act, Moberg Pharma's highest decision-making body is a general meeting of shareholders. At General Shareholders' Meetings, shareholders exercise their right to vote on key issues, such as the adoption of the statement of comprehensive income and financial position, appropriation of the company's earnings, discharge of the Board of Directors and the Chief Executive Officer from personal liability, election of Directors and auditors, and remuneration of the Directors and auditors. Extraordinary General Meetings (EGMs) may be held in addition to the

Annual General Meeting (AGM). The articles of association states that official notice of an AGM or EGM must be provided in the form of an advertisement in Post- och Inrikes Tidningar and published on Moberg Pharma's website. Information that the official notice of an AGM or EGM has taken place is published in Dagens Industri.

Right to attend a General Shareholders' Meeting

All shareholders who are registered in their own name in the register of shareholders maintained by Euroclear Sweden AB five working days before a General Shareholders' Meeting, and have notified Moberg Pharma of their intention to attend the meeting (along with any accompanying advisors) no later than the date and time stated in the official notice of the meeting, are entitled to attend the meeting and vote for all their shares. Shareholders may participate in the meeting personally or by proxy and may also be assisted by up to two advisors. Shareholders may normally register for a General Shareholders' Meeting in several ways, as indicated in the official notice of the meeting.

Shareholder initiatives

Shareholders who would like a particular issue to be addressed at a General Shareholders' Meeting are required to submit a written request to the Board of Directors. Such requests must normally be received by the Board of Directors no later than seven weeks before the meeting.

Given the composition of the company's owners, it is not considered justified in view of the company's financial status to provide simultaneous interpretation to another language nor to translate in full or in part shareholder meeting material, including the minutes.

Information about past shareholders' meetings is available on Moberg Pharma's website. The website also provides information on shareholders' right to have matters considered at the meeting and the deadline before which such requests must reach the company.

The 2014 AGM took place on May 13, 2014. The meeting was attended by 12 shareholders, in person or by proxy. These represented 40.8 percent of the shares and votes of Moberg Pharma. The Chairman of the Board, Mats Pettersson, was elected Chairman of the meeting. The CEO and all Directors attended the meeting. The minutes from the AGM are available at www.mobergpharma.se under corporate governance. At the AGM, shareholders resolved to authorize the Board until the next AGM to decide on the issuance of new shares, on one or more occasions, either with preferential rights or disapplying the shareholders' preferential rights. The total number of shares encompassed by such new shares may not exceed twenty percent of the shares in the company at the time of the 2014 AGM.

BOARD OF DIRECTORS

After a General Shareholders' Meeting, the Board of Directors is the company's highest decision-making body. Under the Companies Act, the Board is responsible for the company's administration and organization, which means that the Board is responsible for adopting goals and strategies, ensuring that procedures and systems for evaluating adopted goals are in place, monitoring Moberg Pharma's financial position and results and evaluating the company's operational management. The Board is also responsible for ensuring that the Annual Report and consolidated financial statements and interim reports are prepared in time. The Board also appoints the Chief Executive Officer. Directors are elected

each year at the AGM for the period until the end of the next AGM. Moberg Pharma's articles of association states that the Board should consist of at least three and no more than ten directors and up to two alternates. According to the Code, no alternates to AGM-elected directors are to be appointed.

The Chairman of the Board is elected by the AGM and holds a special responsibility for leading the work of the Board and ensuring that the Board operates in an organized and efficient manner. The Chairman is not involved in the operational management of the company.

The Board operates in accordance with written rules of procedure that are reviewed and adopted annually at the statutory Board meeting. The rules of procedure regulate Board procedures, functions and the division of responsibilities between the Directors and CEO. In connection with the first Board meeting, the Board also establishes instructions for financial reporting and instructions for the CEO.

The Board normally convenes four to six times annually. In addition to these meetings, further meetings may be arranged to address issues that cannot be deferred to a scheduled meeting. Chairman and CEO also engage in continuous dialogue concerning the company's significant issues. Moberg Pharma's Board currently consists of five Directors. The Board is presented in the Annual Report on page 62.

	Attendance (no. of meetings 2014)		Remuneration Directors' fees 2014, KSEK	Elected	Independent in relation to	
	Board meetings (14)	Remuneration Committee (3)			The company	Owners
Chairman of the Board, Mats Pettersson	14	3	300	2010	Yes	Yes
Vice Chairman, Wenche Rolfsen	14	3	329 ²²	2010	Yes	Yes
Director, Geert Cauwenbergh	13		180 ²³	2012	Yes	Yes
Director, Torbjörn Koivisto	14		150	2009	Yes	Yes
Director, George Aitken-Davies (vacated his position on the Board of Directors in November 2014)	11		-	2012	Yes	No
Director, Thomas Thomsen (elected May 2014)	9		120 ²⁴	2014	Yes	Yes

²² The Directors' fee is paid to a consultancy firm and also includes remuneration corresponding to social security contributions.

²³ The Directors' fee is paid to a consultancy firm and also includes remuneration corresponding to social security contributions.

²⁴ The Directors' fee is paid to a consultancy firm and also includes remuneration corresponding to social security contributions.

Remuneration Committee

The Board has a remuneration committee, which prepares proposals on remuneration issues. The remuneration committee consists of three Directors: Wenche Rolfsen (Chairman), Mats Pettersson and Torbjörn Koivisto. All members are independent in relation to the company and the company's senior executives. The committee's principal tasks are to (i) prepare the Board's decisions on issues

relating to principles of remuneration, remuneration and other terms of employment for management, (ii) monitor and evaluate ongoing and recently completed variable remuneration schemes for management, and (iii) monitor and evaluate the application of principles for remuneration of senior executives that are legally subject to approval by the AGM and of applicable structures and levels of remuneration in the company. Decisions on remuneration issues, after preparation by the committee, must be adopted by the Board as a whole.

Audit Committee

The Board currently has no audit committee. In the opinion of the Board, those duties that would be executed by an audit committee are better conducted by the Board as a whole. The Board reviews the need for an audit committee on an annual basis. The Board's rules of procedure contain principles for the Board, as it performs its obligations in the capacity of audit committee. The Board's duties include preparing and monitoring issues relating to (i) monitoring and quality assurance of the company's financial statements, (ii) regular meetings with the company's auditor for information and opinions concerning the focus, scope and content of the audit assignments and the Annual Report and consolidated financial statements, as well as to engage in discussions on the auditor's views of the risks faced by the company, (iii) assessment and monitoring of the auditor's impartiality and independence and adoption of principles for authorized procurement of other services from the company's auditor, and (iv) evaluation of the auditor's performance and information to the nominating committee of the results of the evaluation.

CEO AND OTHER SENIOR EXECUTIVES

The CEO reports to the Board and has primary responsibility for the company's day-to-day operations. The division of responsibilities between the Board and CEO is set out in the rules of procedure of the Board and the instructions for the CEO. The CEO is also responsible for drafting reports and compiling information from management in preparation for Board meetings and for presenting the material at the meetings.

Under the instructions for financial reporting, the CEO is responsible for financial reporting in the company and is thus required to ensure that the Board obtains sufficient information to enable it to continuously evaluate Moberg Pharma's financial position.

The CEO is required to keep the Board informed of Moberg Pharma's development, the company's results and financial position, liquidity and credit situation, important business events and other circumstances that cannot be assumed to be irrelevant for the company's shareholders (including material disputes, the termination of agreements that are important to Moberg Pharma and significant circumstances affecting the company's products and projects). The CEO and senior management are presented in more detail in the Annual Report on page 61.

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

Remuneration of Directors

Fees and other remuneration of Directors, including the Chairman, are set by a General Shareholders' Meeting. At the AGM on May 13, 2014, it was resolved that Directors' fees for 2014 totaling a max-

imum of SEK 1,000,000 excluding social security contributions, would be paid and distributed as follows: SEK 300,000 to the Chairman and SEK 250,000 to the Deputy Chairman. Other Directors will receive SEK 150,000 each, with the exception of George Aitken-Davies, who does not receive Board fees.

With the exception of the employee stock options allocated to certain Directors, none of the company's Directors are entitled to any benefits after stepping down from the Board.

Remuneration of senior executives

At the AGM on May 13, 2014, the following guidelines were resolved for senior executives of Moberg Pharma: the company is to offer a market-aligned total remuneration package that facilitates the recruitment and retention of qualified senior executives. The remuneration paid to the Chief Executive Officer and other senior executives is to comprise basic salary, variable remuneration, other benefits and pension benefits. The total remuneration is to be based on the basic salary, which must be proportionate to the executive's responsibilities and authority. Variable compensation is capped at 25-50 percent of each executive's basic annual salary. Variable compensation is to be based on results achieved in relation to individually defined qualitative and quantitative targets, as well as the company's result in relation to goals set by the Board of Directors. Pensionable salary comprises only basic salary. To the extent that Directors perform work for the company or any other group company, in addition to work on the Board of Directors, a market-aligned consultancy fee may be payable.

In case of termination, the notice period is to be at least three months if this is on the initiative of the senior executive and between three and 12 months if the company takes the initiative. Severance amounts are not payable. Any share- and share price-related programs must be adopted by an Annual General Meeting. Allotment from such programs must be in accordance with a resolution from the Annual General Meeting. With the exception of the employee stock options that have been allotted and vested, and what is provided for under employment contracts as referred to above, senior executives are not entitled to any post-employment/assignment benefits.

The Board of Directors is to be entitled to disapply the aforementioned principles for remuneration of senior executives if there are special reasons for doing so.

	Basic salary	Variable salary	Other benefits	Pension costs	Share-based remuneration ²⁵	Other remuneration ²⁶	Total
President and CEO, Peter Wolpert	1,817	761	-	444	68	-	3,090
Other senior executives (five persons)	6,497	2,190	-	831	21	586	10,125
Total	8,314	2,951	0	1,275	89	586	13,215

²⁵ These costs do not give rise to any payment and do not affect the company's cash flow. Estimated costs for social security contributions are not included in the recognized amounts.

²⁶ The line includes payment of MSEK 0.4 to Steve Cagle (CEO of Moberg Pharma North America) and MSEK 0.1 to Jim Barton (COO of Moberg Pharma North America) in the form of the expensed part of the supplementary purchase consideration for the acquisition of the U.S. operation (the supplementary purchase consideration is conditional on continued employment in the company and is recognized as salary continuously during the earnings period).

Share-based incentive schemes

Moberg Pharma has introduced share-based incentive schemes comprising employee stock options designed to promote the company's long-term interests by motivating and rewarding senior execu-

tives and other employees. The employee stock options have been granted free of charge. All permanent employees who have been employed by the company for at least 12 months at December 31, 2014 are either shareholders or covered by the company's incentive schemes. The number of shares and options held by Directors, the CEO and other senior executives is presented in the Annual Report on pages 61-62.

Moberg Pharma's incentive schemes are based on employee stock options with vesting periods extending over several years. An employee may, for example, vest his or her first options after three years' employment with further entitlements after years 4 and 5. The rationale behind the incentive structure is partly to spread the vesting period over several years and partly to allow for flexibility in allotting options; instead of establishing the granting for new recruits in year 1, the current structure allows for adjustments in schemes for future years when it has become clear how well the employee has performed and whether he or she will assume a greater or lesser role in the company than was originally intended.

Employee stock option 2010:2 included Directors Wenche Rolfsen and Mats Pettersson. The Code states that stock options should not be included in remuneration for Directors. Moberg Pharma does not intend to introduce new stock option schemes aimed at Directors in future. The company's employee option stock scheme up to 2012 had a vesting period of less than three years. As an adaptation of the Code, the employee stock option scheme from 2013 and ahead has a vesting period of more than three years.

AUDIT

The auditor is tasked with auditing the company's Annual Report and financial statements, as well as the administration of the company by the Board and the CEO. After the end of each fiscal year, the auditor is required to submit an audit report and consolidated audit report to the AGM.

Moberg Pharma's company auditor is the auditing firm Ernst & Young AB with Authorized Public Accountant Björn Ohlsson as Auditor-in-Charge. The company's auditors are presented in more detail in the Annual Report on page 62.

Remuneration of auditors

The remuneration paid to the auditor is subject to approval by a General Shareholders' Meeting. The annual general meeting which was held on May 13, 2014 decided that the auditor should be remunerated on an on account basis.

In 2014, remuneration of MSEK 0.9 was paid to the auditor, of which audit assignments accounted for MSEK 0.4, audit work in addition to the assignment for MSEK 0.1 and other assignments for MSEK 0.4. Audit assignments are defined as the examination of the Annual Report and accounting records and of the Board of Directors and CEO's administration of the company, other tasks incumbent on the auditor, as well as advice and other assistance occasioned by observations made in the course of such examinations or the performance of such other tasks. Audit work in addition to the assignment comprises examinations of interim reports, prospectuses, pro-forma and issue-in-kind certificates and preparing other opinions in accordance with the Companies Act. Other services in 2014 were primarily linked to transfer pricing, model for impairment tests and capital procurement.

NOMINATION COMMITTEE

The Nomination Committee submits proposals for the appointment of a Chairman and other Board members, as well as proposals on fees and other compensation to be paid to Directors. The Nomination Committee also presents proposals for the appointment and remuneration of the company's auditor. The Nomination Committee's proposals will be presented in the notice of the 2015 AGM.

The AGM on May 13, 2014 resolved to commission the Chairman of the Board to contact the three largest shareholders or groups of owners in terms of the number of votes (hereby referring to both directly registered shareholders and nominee registered shareholders), according to Euroclear's share register on September 30, 2014, which are offered the opportunity to each appoint a representative, who together with the Chairman of the Board will make up the Nomination Committee for the time until a new Nomination Committee is appointed by mandate from the next AGM. If any of these largest shareholders or groups of owners decline the entitlement to appoint a representative, this entitlement transfers to that shareholder or group of owners with the largest shareholdings after these shareholders or group of owners until the Nomination Committee consists of four members.

If a member leaves the committee before his or her work is completed and if the committee considers it necessary to replace the member, the Nomination Committee will appoint a new member in accordance with the procedure above but based on Euroclear's share register applicable as soon as possible after the member steps down. Changes in the composition of the Nomination Committee must immediately be published. No fee is payable to the members for their work on the committee.

The Nomination Committee for the 2015 AGM was announced on Moberg Pharma's website and in a press release on November 11, 2014. The Nomination Committee consists of four members: Per-Olof Edin, George E. Aitken-Davies, Ulrica Slåne and Mats Pettersson.

INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING

The overall purpose of internal controls is to obtain reasonable assurance that the company's operational strategies and goals are monitored and that shareholders' investments are protected. Additionally, internal controls should provide reasonable assurance that external financial reporting is reliable and prepared in accordance with generally accepted accounting practice, that applicable laws and ordinances are complied with and that the requirements of listed companies are observed. At Moberg Pharma, internal control over financial reporting is designed, for example, to ensure efficient and reliable management and accounting of purchases and sales, other revenue recognition and accounting of the company's financing arrangements.

The internal control environment mainly comprises the following five components: Control environment, Risk assessment, Control activities, Information and communication, as well as Monitoring compliance.

Control environment

The control environment at Moberg Pharma forms the framework of the direction and culture with which the company's Directors and management communicate their messages to the organization. Internal management and control in accordance with customary frameworks is assigned high priority. Moberg Pharma's Directors and management define and design decision paths, authorities and responsibilities that are clearly defined and communicated throughout the organization. The compa-

ny's Directors also strive to ensure that steering documents, such as internal policies and principles, cover identified areas of significance, and that these provide the right guidance to the work of the various executives in the company.

Risk assessment

The company's Board conducts continuous and systematic risk assessment work aimed at identifying risks and taking the necessary actions to cope with them. Risk assessment is also designed to identify risks that have a significant impact on internal control of financial reporting.

The commercialization and development of new drugs is a risky and capital-intensive process. Risk factors considered of particular significance for Moberg Pharma's future development include results of competition and price scenario, production, business partners and distributors, clinical studies, actions of public authorities, liability risks and insurance, integration risks, patents and trademarks, key personnel, sensitivity to economic fluctuations, future capital requirements and financial risk factors. A more detailed description of Moberg Pharma's risk exposure and how the company manages it can be found in the Annual Report on page 23.

Control activities

The primary purpose of control activities is to prevent, discover and rectify misstatements in financial reporting. Processes and activities have been structured to manage and address significant risks relating to financial reporting. These activities include analytical updates and comparisons of progress in terms of profits or items, reconciliation of accounts and balances, and approval of all business transactions and collaboration agreements, powers of attorney and certification instructions, as well as accounting and valuation policies. Access to ERP systems is limited by authority, responsibility and role.

Information and communication

Moberg Pharma is a listed company in one of the most regulated industries in the world – the pharmaceutical industry. In addition to the high demands that Nasdaq OMX Nordic Exchange Stockholm and the supervisory authorities impose on the scope and accuracy of information, Moberg Pharma's internal information and communication functions are designed to ensure that correct financial and other corporate information is communicated to employees and other stakeholders.

The company's internal instructions and policies, which are available to all employees, provide information on applicable routines in all parts of the company and describe control functions and how they are implemented.

The security of all information that could affect the market value of the company and the mechanisms to ensure that such information is communicated in a correct and timely fashion are cornerstones in the company's undertaking as a listed company. These two factors, and the procedures for managing them, ensure that financial reports are received by the players in the financial market at the same time, and that they provide an accurate presentation of the company's financial position and performance.

Monitoring compliance

Monitoring compliance with internal policies, principles, manuals and codes as well as the appropriateness and functionality of the established control activities is conducted regularly. Measures and procedures for financial reporting are subject to regular follow-up. Moberg Pharma's management conducts monthly performance follow-up, including an analysis of deviations from budget and the preceding period, also on a project level. The Directors review the Annual Report and interim reports prior to publication. The Board meets the company's external auditor each year to discuss the company's internal control and financial reporting procedures.

Assessment of the need for internal audit

Moberg Pharma has no separate auditing function (internal audit). The Board annually evaluates the need for such a function and, considering the size of the company, with relatively few employees and a scope of operations in which most transactions of significance are of similar character and relatively uncomplicated, has found no basis for establishing a formal internal auditing function.

Compliance with the Swedish stock exchange rules, etc. during the fiscal year

During 2014, Moberg Pharma was not subject to decisions by Nasdaq OMX Nordic Exchange Stockholm's disciplinary committee or statements by the Swedish Securities Council regarding infringement of Nasdaq OMX Nordic Exchange Stockholm's regulations or accepted market practices.

Stockholm April 9, 2015



Mats Pettersson
Chairman



Wenche Rolfsen
Vice Chair



Geert Cauwenbergh
Boardmember



Torbjörn Koivisto
Boardmember



Thomas Thomsen
Boardmember



Peter Wolpert
CEO

AUDIT REPORT ON THE CORPORATE GOVERNANCE REPORT

To the annual meeting of Moberg Pharma AB
Corp. Reg. No. 556697-7426


It is the Board of Directors which is responsible for the corporate governance report for 2014 on pages 1–5 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and based on this information and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance report is different and substantially more limited in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, a corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, April 9, 2015

Ernst & Young AB



Björn Ohlsson

Authorized Public Accountant

