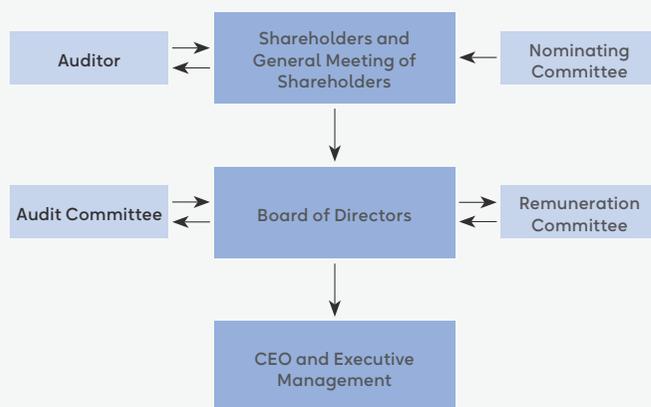


# Corporate governance report 2023

## Corporate governance in BioGaia

BioGaia AB (publ), a Swedish public limited company whose class B shares are listed on the Nasdaq Stockholm, applies the Swedish Corporate Governance Code (the Code). The Code is available at [www.bolagsstyrning.se](http://www.bolagsstyrning.se), where the Swedish model for corporate governance is also described. This corporate governance report is submitted in accordance with the Swedish Companies Act and the Code and describes BioGaia's corporate governance during the 2023 financial year. In 2023, BioGaia has not deviated from the rules set out in the Code nor committed any violations of Nasdaq Stockholm's rules or good practice in the Swedish securities market. The corporate governance report has been reviewed by BioGaia's auditor, as set out on page 143.



## Shares

At year-end 2023, the share capital in BioGaia amounted to SEK 20,196,462 consisting of 3,703,340 class A shares carrying 10 votes per share and 97,278,970 class B shares carrying one vote per share. Annwall & Rothschild Investment AB owns 4.2% of the capital and 27.9% of the voting rights in the company. EQT owns 11.1% of the capital and 8.3% of the voting rights in the company. Other individual shareholders hold less than 10% of the share capital and voting rights. Additional information about the company's shares, shareholders, etc., is presented on page 144 and on the company's website under the heading Investors/The Share.

## General Meeting of Shareholders

The General Meeting of Shareholders is the company's highest decision-making body. Notice of a general meeting of BioGaia's shareholders is

given through an announcement in Post- och Inrikes Tidningar and on the company's website. An announcement that notice has been given is published in Svenska Dagbladet.

Shareholders representing 65.35% of the total number of shares in the company attended BioGaia's Annual General Meeting on May 5, 2023. The CEO, most of the year's members elected by the Annual General Meeting, the Board Chairman and the company's elected auditing firm attended the Annual General Meeting. Two representatives from the Nominating Committee were also in attendance. BioGaia's 2024 Annual General Meeting will be held on May 7, 2024 and a notice of the Annual General Meeting will be sent out at the end of March or beginning of April 2024. Shareholders who wish to have items included on the agenda of the meeting have, in accordance with instructions on the company's website, had an opportunity to submit a proposal to the company no later than seven weeks prior to the meeting.

In addition to statutory rights of shareholders to attend a General Meeting of Shareholders it is a requirement in BioGaia's Articles of Association for shareholders who wish to participate in a General Meeting of Shareholders to notify the company no later than the day stipulated in the notice of the meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the meeting. Each shareholder in BioGaia entitled to vote may vote for the full number of shares owned and represented by the shareholder with no limit to the number of votes. Class A shares carry entitlement to ten votes and class B shares carry entitlement to one vote. If relevant, notice shall also be given of whether the shareholder intends to be accompanied by an assistant. Documents related to general meetings as well as meetings from earlier annual general meetings and extraordinary general meetings are available on the company's website under the heading Investors/Corporate governance.

## Nominating Committee

The 2023 Annual General Meeting resolved that the Nominating Committee would be appointed as follows: The Board Chairman shall convene the four largest shareholders in the company, each of which may appoint a member to the Nominating Committee together with the Board Chairman. In determining the composition of the Nominating Committee, the largest shareholders in terms of voting power shall be based on the ownership situation at June 30, 2023. The Nominating Committee shall be chaired by the member representing the largest shareholder on that date. If any of the four largest shareholders should waive its right to appoint a member to the Nominating Committee, the next largest shareholder in order of voting power shall be given the opportunity to appoint a member. The names of the four shareholder representatives shall be made public as soon as they are appointed, but no later than six months prior to the 2024 Annual General Meeting. The

Nominating Committee's term of office shall extend until a new Nominating Committee has been appointed.

If the shareholder who appointed a member is no longer one of the four largest shareholders in terms of voting power, and if the Nominating Committee deems it appropriate, the member shall leave and a member for the next largest shareholder in order of voting power is given the opportunity to replace this member. If an appointed member of the Nominating Committee resigns from the Nominating Committee for some other reason, the shareholder who has appointed the member in question has the right to appoint a new member to the Committee. If this shareholder waives its right to appoint a new member, the Nominating Committee, if it deems so appropriate in respect of the remaining mandate period, shall ask the next largest shareholder in terms of voting power if it wishes to appoint a member to the Nominating Committee.

The Nominating Committee shall prepare proposals for the following matters to be put before the 2024 Annual General Meeting for resolution:

- appointment of the Chairman of the Annual General Meeting
- election of the Board of Directors
- election of the Board Chairman and possible Deputy Chairman
- fees for Board members
- election of auditors
- fees for the auditors
- appointment of the Nominating Committee ahead of the 2025 Annual General Meeting.

In accordance with the Annual General Meeting's resolution, the Nominating Committee has been appointed and consists of Board Chairman Peter Rothschild, Per-Erik Andersson (also Chairman of the Nominating Committee), appointed by Annwall & Rothschild Investments AB, the company's largest shareholder, Jacob Sellman, appointed by the company's second-largest shareholder, EQT, Marianne Flink, appointed by the company's third-largest shareholder, Fjärde AP-fonden (AP4), and Russell Champion, appointed by the company's fourth-largest shareholder, Premier Miton Investors. All members of the Nominating Committee, except for Peter Rothschild, are independent in relation to the company and its Executive Management. No fees are paid by the company for work in the Nominating Committee but BioGaia shall meet reasonable costs that the Nominating Committee deems necessary for completion of its assignment.

All shareholders have had the opportunity to contact the Nominating Committee with recommendations for Board candidates for further evaluation within the framework of the Committee's work. No suggestions or proposals have been submitted to the Nominating Committee as of today's date. The Nominating Committee presents a written motivation to the Annual General Meeting for election of Board members. In its motivation, the Nominating Committee takes into account diversity and breadth in the Board and seeks an even gender distribution.

### Board of Directors' size and composition

The Board is ultimately responsible for BioGaia's organization and management of its business. According to BioGaia's Articles of Association, the Board shall consist of no fewer than five and no more than nine members with no more than three deputies. During the entire year, the Board was made up of eight members (without deputies). The Nominating Committee has applied the Code's rule 4.1 as a diversity policy when drafting the proposal to the Board. The Nominating Committee considers – which has also been the Nominating Committee's aim with the policy – that the Board has an appropriate composition and size and is characterized by diversity and breadth with regard to members' competence and experience within areas of strategic importance for BioGaia. A presentation of the Board is provided on page 147.

### Board independence

According to the Code, a majority of the Board shall be independent of the company and its Executive Management. At least two of the independent members shall also be independent in relation to the company's major shareholders. The composition of the Board meets the requirements in the Code related to the Board members' independence.

### The work of the Board

According to the Board's rules of procedure, the Board shall hold at least five Board meetings during the year, in addition to the statutory meeting. BioGaia has appointed the company's General Counsel to serve as Secretary at Board meetings. The CEO is not a member of the Board but, together with the company's CFO, is co-opted to attend all Board meetings. Other executives in the company take part in Board meetings in order to present reports. Every Board meeting has included an item on the agenda where the Board has had an opportunity for discussion without representatives of Executive Management being present.

The Board held 14 meetings in 2023. For information about attendance at these meetings, see the table on page 129. Ahead of Board meetings, members have received an agreed agenda for the meeting together with written material regarding issues to be handled at the meeting. A key part of the work of the Board is the financial reports that are presented, including the interim report, interim management statements and year-end report. In addition, during the year the Board dealt with matters relating to M&As and other expansion issues, major investments, strategic issues and sustainability issues. The Board also held details discussions about the overall strategy for BioGaia. The Board has adopted rules of procedure for its work as well as CEO instructions, which describe the division of work between the Board and

the CEO. The Board has also adopted a number of instructions and policies for conducting operations, for example Signatory and authorization instructions, a Code of Conduct, Governance Policy, Financial Policy, Communication Policy, Insider Trading Policy, Anti-Corruption Policy, Conflict of Interest Policy, Information Security Policy, People Policy and Procurement Policy.

### Evaluation of the Board

Within BioGaia's Board there are routines for an annual evaluation of the work of Board members. The evaluation provides a basis for improvements and for the work of the Nominating Committee with the composition of the Board.

All Board members assessed the Board's work in a survey concerning the Board's activities in 2023. The surveys were analyzed to gain an understanding of the opinions of Board members on how the work of the Board is conducted and what measures might be taken to streamline the work of the Board. The intention of the surveys was also to find out what type of issues the Board considers should be given more space and in which areas additional competence might be required in the Board. The results of the evaluation have been discussed by the Board and reported to the Nominating Committee.

### Board attendance in 2023<sup>1)</sup>

Name	Elected in	Independent in relation to the company	Independent in relation to the major shareholders	Board meeting attendance	Audit Committee attendance	Remuneration Committee attendance	Board fee	Fee Audit Committee	Fee Remuneration Committee	Fixed salary
Total number of meetings 2023				14	4	4				
Peter Rothschild	2018	No	No	14 of 14		1 of 2	710,000		20,000	600,000
David Dangoor	2003	Yes	Yes	13 of 14	4 of 4	2 of 2	490,000	55,000	45,000	
Ewa Björling <sup>2)</sup>	2015	Yes	Yes	3 of 5			265,000			
Peter Elving <sup>2)</sup>	2018	Yes	Yes	5 of 5		2 of 2	265,000			
Anthon Jahreskog	2015	Yes	Yes	14 of 14	4 of 4		275,000	110,000	20,000	
Vanessa Rothschild	2020	Yes	No	14 of 14			275,000			
Niclas Ringby <sup>2)</sup>	2020	Yes	No	4 of 5			265,000			
Christian Bubenheim <sup>2)</sup>	2021	Yes	Yes	5 of 5			265,000			
Bénédictte Flambard <sup>3)</sup>	2022	Yes	Yes	11 of 14			275,000			
Barbro Fridén <sup>3)</sup>	2023	Yes	Yes	7 of 9			275,000			
Outi Armstrong <sup>3)</sup>	2023	Yes	Yes	9 of 9			275,000			
Vesa Koskinen <sup>3)</sup>	2023	Yes	No	7 of 9			275,000			

1) If a member was unable to attend a Board meeting, they were able to submit their opinions to the chairman before the meeting.

2) Left the Board at the AGM in May 2023.

3) Joined the Board at the AGM in May 2023.

## Remuneration Committee

The Board has appointed a Remuneration Committee from among its members to prepare recommendations and other terms of employment for the CEO and other senior executives who together make up the Executive Management. The Remuneration Committee complies with the guidelines for senior executives as resolved at the 2023 Annual General Meeting. The Remuneration Committee consists of David Dangoor (chairman), Peter Rothschild and Anthon Jahreskog. The Remuneration Committee held four minutes meetings in 2023. All members who were appointed on the date of the meetings were in attendance.

## Audit Committee

The Board has appointed an Audit Committee from among its members. The key task of the Audit Committee is to support the Board with quality assurance of the financial reporting. The Audit Committee also prepares matters relating to regulatory compliance. The Committee holds regular meetings with the company's auditors and evaluates audit work. The Committee discusses significant accounting issues that affect the group and assists the Nominating Committee in the preparation of proposals for auditors and their remuneration. The chairman of the Audit Committee is responsible for ensuring that the entire Board is kept informed about the work of the Committee as well as, when necessary, presenting the Board with matters for decision. The Audit Committee's members comprise Anthon Jahreskog (chairman) and David Dangoor. The Audit Committee held four minutes meetings during 2023. The members of the Audit Committee attended each meeting. The auditors attended all of the meetings.

## CEO and Executive Management

The company's chief executive officer (CEO) is appointed by the Board. The CEO is responsible for overseeing the company's business development and for supervising and coordinating its day-to-day operations. The Board has established instructions for the CEO that, among other things, regulate management and development of the company and the provision of reports and decision data to the Board. According to the CEO Instructions, the CEO shall refer the following matters to the Board for decision:

- Decisions on pledging the company's assets, the purchase and sale of real property beyond the established budget, shares or acquisition of another company's operations of material importance to the company
- decision to issue a guarantee or collateral for one of the company's obligations that exceeds SEK 3 million during a financial year
- decisions on the formation of subsidiaries
- raising loans
- entering agreements with a term of more than seven years
- initiating legal processes of material importance as well as settlement of disputes in an amount exceeding SEK 5 million
- approval of the company's overall strategy and annual budget.
- significant changes to the company's organization or the applied accounting policies
- decision on donation for charitable purpose (according to the Swedish Companies Act)
- decision on commitments outside the budget/investment plan that exceed SEK 4 million
- other matters of material financial or other significance.

The CEO prepares requisite information and basis for decisions such as reports relating, among other things, to the company's finances, order situation, significant transactions and strategic issues ahead of Board meetings, and makes presentations including motivated proposals for decision. The CEO also keeps the Board Chairman regularly informed about the company's operations. The Board evaluates the work of the CEO annually. No member of Executive Management is present at this evaluation.

Executive Management is presented on page 146. The management team is headed by the CEO and is responsible for planning, supervising and monitoring the company's day-to-day operations. Minuted meetings are normally held once a month. The responsibilities and powers of the Executive Management are defined in the job descriptions and in signature authority instructions.

## Auditors

BioGaia's auditors are normally appointed by the Annual General Meeting to serve for a period of one year. The 2023 Annual General Meeting resolved on re-election of the registered auditing firm of Deloitte AB to serve for the period until the end of the Annual General Meeting to be held in 2024. The auditing firm appointed Jenny Holmgren as Auditor in Charge. By decision of the Annual General Meeting, auditing fees are paid according to approved account.

The auditors examine the administration of the company by the Board of Directors and the CEO and the quality of the company's financial reporting. At the request of the Board, the auditors also review the interim report and the year-end report. The auditors report the results of their review to the shareholders through an audit report, which is presented to the Annual General Meeting. In addition, the auditors submit written and oral reports to the Executive Management, the Audit Committee and the Board. The auditors take part in and report to the Audit Committee at all meetings during the year. In addition, the auditors participate in at least one Board meeting a year in accordance with the Code. The auditors also submit an auditor's statement on the corporate governance report, the sustainability report and a report on the examination of remuneration to senior executives.

Information about remuneration to the auditors can be found in Note 4 of the annual report.

Furthermore, the entire Board of Directors meets with the auditors at least once a year without the presence of the CEO or other members of the Executive Management.

## The Board's report on internal control over financial reporting for the financial year 2023

### Introduction

Pursuant to the Swedish Companies Act, the Swedish Annual Accounts Act and the Code, the Board of Directors is responsible for internal control. This description has been prepared in accordance with these rules and provisions and is thereby limited to internal control over financial reporting.

## Internal control of financial reporting

The Board is responsible for ensuring that the company's organization is suitably structured so that the financial accounts, cash management and other financial conditions can be controlled satisfactorily.

Every year, the Board of Directors adopts rules of procedure for the Board's activities and instructions regulating the division of responsibilities between the Board and the CEO. The instructions state which matters require approval or authorization from the Board. At Board meetings, the CEO reports on matters requiring consideration by the Board. The CEO ensures that the Board is provided with the objective, detailed and relevant information needed for the Board to make well-founded decisions and that the Board is continuously informed about the company's business development and financial position.

Aside from the instructions between the Board and the CEO, BioGaia's control structure is based on the company's organization and way of conducting operations, where roles and responsibilities are defined. There is a high level of employee awareness about the importance of maintaining good control over financial reporting. The company's financial development is assessed and monitored monthly. Financial reports and summaries are prepared by the group's finance department and are presented to the Board quarterly and to the Executive Management monthly.

## The company's values

BioGaia has a set of shared values and the company's employees are well aware of these. This is ensured through interviews in connection with new recruitment and through regular workshops with each department.

## Risk assessment

The company works continuously with risk assessment and risk management to ensure that the risks to which the company is exposed are handled within the limits ultimately established by the Board. The Executive Management continuously analyzes the company's business processes with regard to efficiency and risks. This work includes identifying significant risks for misstatements and deficiencies in the financial reporting and ensuring that there are suitable processes and controls in the company's operations to limit these risks. The most critical business processes and the absolutely largest values, in terms of both assets and business/product development, are found in the Parent Company. In addition, the bulk of sales take place in the Parent Company. Processes that are deemed to be of special importance to BioGaia are sales including quality assurance, R&D and manufacturing. In 2023, management established a Risk Committee, which is headed by the CEO and comprises members of the Executive Management.

## Control activities

The risks identified in the financial reporting are managed through a number of control activities in the company's processes. Processes and controls are reviewed and updated regularly in order to detect, prevent and correct any errors or deficiencies. The control structure also includes the division of powers and responsibilities and the Executive Management's monthly review of the company's financial information.

### Information and communications

BioGaia has information and communication paths that are designed to promote the completeness and accuracy of the financial reporting. Authorization instructions and policies are distributed to all employees and can be viewed on the company's intranet. All of BioGaia's employees normally meet once a year to increase their knowledge about the company's processes and goals and to exchange information and experiences.

### Monitoring

The Executive Management performs a yearly evaluation of the effectiveness of internal control. Every year, the company's elected auditing firm, Deloitte AB, also reviews a selection of BioGaia's routines and internal controls. The Board then evaluates this information and ensures that measures are taken in respect of the identified deficiencies and resulting recommendations.

The company has no special review function (internal audit). In light of the company's size and the volume of transactions, together with the expertise in this area possessed by the Board of Directors and the Board's meeting with the independent auditor, the Board has determined that there is no reason to establish a formal internal audit function.

Stockholm, March 25, 2024

Peter Rothschild  
Board Chairman

David Dangoor  
Vice Chairman

Barbro Fridén  
Member of the Board

Outi Armstrong  
Member of the Board

Bénédicte Flambard  
Member of the Board

Anthon Jahreskog  
Member of the Board

Vesa Koskinen  
Member of the Board

Vanessa Rothschild  
Member of the Board

### Auditor's report on the corporate governance report

To the general meeting of the shareholders in BioGaia AB (publ) corporate identity number 556380-8723

### Engagement and responsibility

It is the Board of Directors which is responsible for the corporate governance statement for the financial year from January 1, 2023 to December 31, 2023 on pages 140-143 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 25, 2024

Deloitte AB

Jenny Holmgren  
Authorized Public Accountant