

Corporate Governance Report

NeuroVive's corporate governance model

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the chief decision-making body. The AGM is planned and held to enable shareholders to exercise their influence over the Company optimally. Resolutions reached at the AGM shall adhere to the Swedish Companies Act's regulations on majority requirement.

Entitlement to participate at the Annual General Meeting. All shareholders directly registered in the share register maintained by Euroclear Sweden AB five business days prior to the AGM, and who have informed NeuroVive of their intention to attend by no later than the date indicated in the invitation to the AGM, are entitled to participate in the AGM and to vote according to the number of shares held.

Initiatives from shareholders. Shareholders wishing to raise a matter at the AGM must submit a written request to the Board of Directors by no later than seven weeks prior to the AGM.

Nomination Committee. The Company shall have a Nomination Committee comprising one member of each the three largest shareholders in terms of voting rights based on ownership statistics maintained by Euroclear Sweden AB.

THE BOARD OF DIRECTORS

The Board of Directors shall have a minimum of three and a maximum of eight members. Board members are appointed annually by the AGM and are elected for a period until the end of the next AGM.

Chair. The AGM appoints the Chair. The Chair leads the Board's work, monitors the work and assumes responsibility for the Board completing its duties according to applicable legislation, the Articles of As-

sociation, the Swedish Code of Corporate Governance and the Board of Director's rules of procedure. The Chair shall monitor the Company's progress through contact with the CEO, consult with the CEO on strategic matters and ensure that strategic considerations are recorded and addressed by the Board of Directors.

The Board of Directors' duties and responsibilities. The Board of Directors is the highest administrative body at the AGM. The Board of Directors' primary duty is to manage overall and long-term issues and matters of major significance to the Company. The Board of Directors assumes overall responsibility for the Company's operations and management and for ensuring that the accounting and fund management are controlled satisfactorily. The Board of Directors is responsible for ensuring that the Company follows applicable legislation, stipulations and the Swedish Code of Corporate Governance and that the Company is subject to satisfactory internal control procedures and formalized routines that safeguard adherence to set principles for financial reporting and internal control.

Remuneration Committee. The Board of Directors has established a Remuneration Committee consisting of a minimum of three Board members to assist the Board on issues relating to remuneration principles, remuneration and other terms of employment of management. After consultation within the Remuneration Committee, the Board of Directors takes decisions on remuneration.

Audit Committee. The members of the Audit Committee are appointed by the Company's Board of Directors at the Board meeting following election and shall consist of a minimum of three Board members. The

Audit Committee shall contribute to sound financial reporting that maintains market confidence in the Company by specifically monitoring and controlling the Company's accounting principles, financial administration, risk management and the structure of internal control, resources, ongoing work and annual reporting. The Audit Committee also reviews the Auditor's non-affiliation to the Company.

CEO

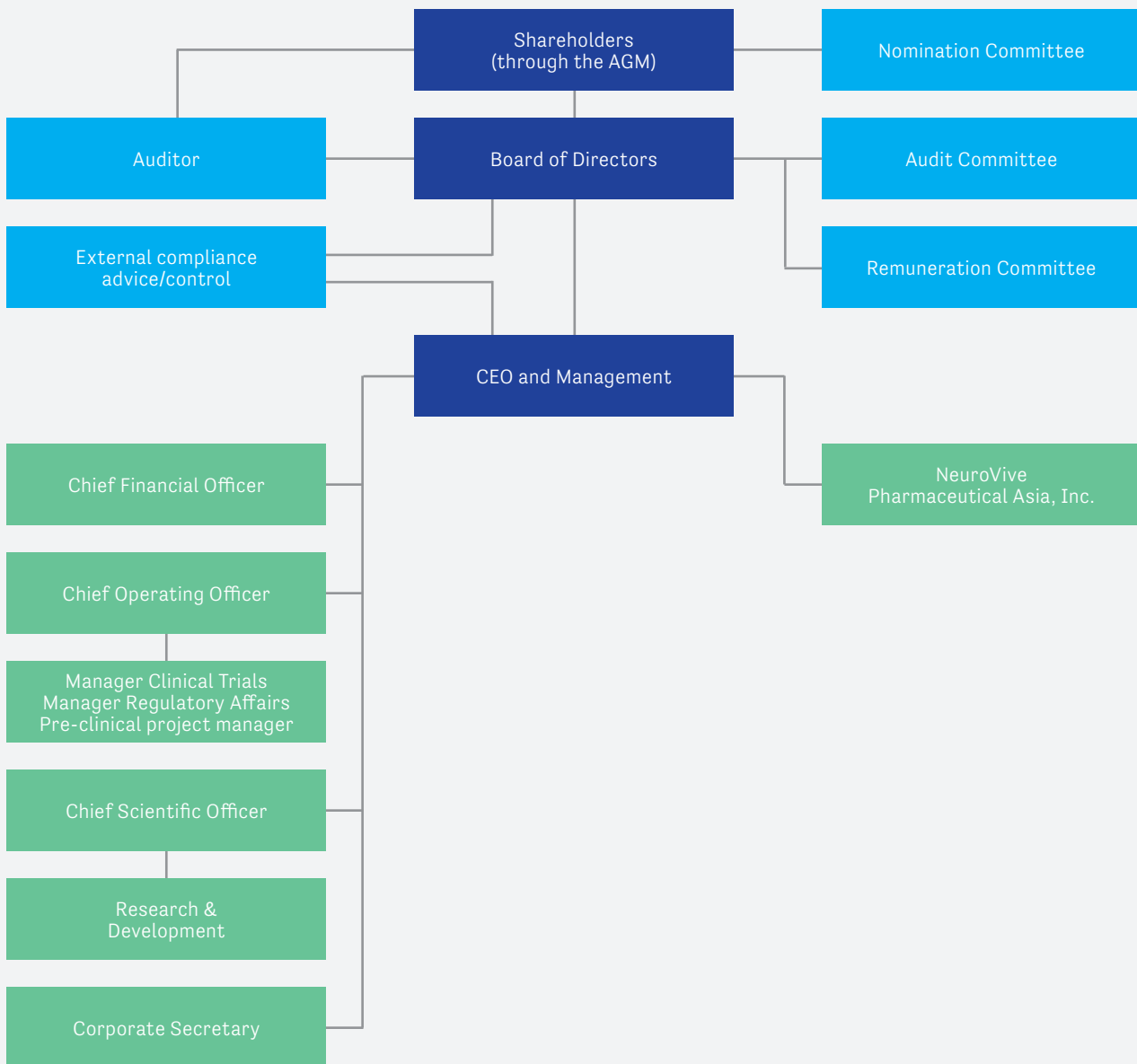
The CEO is appointed by the Board of Directors. The CEO's work follows the written instructions adopted annually by the Board of Directors at the Board meeting following election.

The instructions for the CEO regulates customary areas such as the CEO's undertaking in relation to the Company and the Board of Directors, including responsibility for presenting expedient reports to the Board of Directors relevant to the Board's completion of its evaluation of the Company.

The CEO shall ensure that ongoing planning, including business plans and budgets, is completed and presented to the Board of Directors for resolution.

When departure from these plans and special events of a significant nature are feared, the CEO must inform the Board of Directors through the Chair immediately.

NeuroVive Pharmaceutical AB (publ) (NeuroVive or the Company) is a Swedish public limited company with corporate identity number 556595-6538. NeuroVive's registered office is in the Municipality of Lund and the Company is listed on Nasdaq Stockholm. This Corporate Governance Report has been prepared by NeuroVive's Board of Directors in compliance with the Annual Accounts Act and the Swedish Code of Corporate Governance (the Code). The Corporate Governance Report is part of the Statutory Administration Report and the Company's Auditors have conducted their statutory review of the Report.



Application of and departure from the Swedish Code of Corporate Governance

The Code applies to all Swedish companies whose shares are listed on a regulated marketplace in Sweden and shall be applied fully at the first Annual General Meeting held following initial public offering. The Company is not obliged to adhere to all the regulations of the Code, and is free to adopt alternative solutions deemed more suitable

to its circumstances, provided that potential departures are reported, the alternative solution described and the reasons explained (Comply or Explain principle) in the Corporate Governance Report.

NeuroVive has applied the Swedish Code of Corporate Governance since 8 June 2012,

and this Corporate Governance Report has been prepared in accordance with the Code. NeuroVive has departed from the Code only with regard to the evaluation of the work of the Chief Executive Officer according to regulation 8.2 of the Code, as the company did not carry out such an evaluation because of the recruitment of the new CEO.

Organization of Corporate Governance

NeuroVive's internal controls and corporate governance are based on applicable legislation/regulations and on sector-specific parameters considered significant to the Company. The control system encompasses all applicable regulatory frameworks as well as the specific demands NeuroVive places on its operations.

The internal control and corporate governance tool provides overall control of all critical stages relating to the Company. This provides NeuroVive's Board of Directors and management with the conditions required to control and govern operations in

order to satisfy the stringent demands of the Company, the market, the stock market, the shareholders and the authorities.

The following legislation/regulations as well as the Company's own constitutional documents form the basis of NeuroVive's corporate governance:

External Regulations

- The Swedish Companies Act,
- Applicable accounting legislation,
- IFRS,
- The Swedish Code of Corporate Governance,

- Nasdaq Stockholm's regulatory framework for issuers.

Internal constitutional documents

- The Articles of Association,
- Instructions and rules of procedure for the Board of Directors, Committees and CEO,
- Guidelines for remuneration to senior executives,
- Information and communication policy,
- Ethical guidelines,
- Financial administration guidelines.

Ownership structure

NeuroVive had some 6,406 registered shareholders as of 31 December 2015. Euroclear Bank S.A./N.V., W8-IMY (registers holdings for Maas Biolab, LCC and Marcus Kemp and others domiciled in the US) was the largest owner with a holding of 4,415,940

shares, corresponding to some 14.4% of the shares and votes. Baulos Capital Belgium SA was the second biggest shareholder with 4,000,000 shares, corresponding to some 13.0% of the shares and votes. Avanza Pension Försäkring AB was the third big-

gest shareholder with 3,529,702 shares, corresponding to some 11.5% of the shares and votes. There were no other shareholders with a holding of more than one-tenth of the total number of shares and votes in the Company at year-end.

Share capital and voting rights

NeuroVive's share capital totaled SEK 1,536,757.60 divided between 30,735,152 shares as of 31 December 2015. There is only a single share class. All shares have a

quotient value of SEK 0.05 and one vote, and confer equal entitlement to the Company's assets and profits. NeuroVive's Articles of Association have no limitations regarding

the number of votes each shareholder may cast at the AGM.

Annual General Meeting

The Annual General Meeting (AGM) is the chief decision-making body in a limited company and the shareholders exercise their decision-making rights at the AGM. The AGM is planned and held to enable shareholders to exercise their influence over the Company optimally. The invitation to the AGM and other information provided is designed to allow shareholders to reach well-founded decisions on the issues addressed at the AGM. Resolutions reached at the AGM shall adhere to the Swedish Companies Act's regulations on majority requirement. In accordance with the Articles of Association, the invitation to the AGM and Extraordinary General Meetings are published in the Swedish Official Gazette and on the Company's website. An

announcement that a Meeting has been convened is published in Swedish daily newspaper Svenska Dagbladet.

Entitlement to participate at the Annual General Meeting

All shareholders directly registered in the share register maintained by Euroclear Sweden AB five business days prior to the AGM, and who have informed NeuroVive of their intention to attend by no later than the date indicated in the invitation to the AGM, are entitled to participate in the AGM and to vote according to the number of shares held.

Initiatives from shareholders

Shareholders wishing to raise a matter at the AGM must submit a written request to

the Board of Directors by no later than seven weeks prior to the AGM.

Given the Company's ownership structure and financial circumstances, NeuroVive does not consider simultaneous interpretation into other languages and translation of all of or part of the documentation relating to the AGM as justified.

NeuroVive's website contains information on the Company's previous AGMs as well as information on shareholders' rights to raise matters at the AGM and the cut-off date for NeuroVive receiving such requests.

Shareholders' meetings

The AGM was held on 30 March 2015, at Scheelevägen 2 in Lund, Sweden. 58 shareholders attended the AGM, in person or through representatives. These shareholders represented 34.36% of the shares and votes of NeuroVive. The CEO, all Board members, the company's Auditor in Charge and the Chairman of the Nomination Committee attended the AGM.

The AGM 2015 adopted the following resolutions:

- Adopted the Balance Sheet and Income Statement and Consolidated Balance Sheet and Income Statement,
- Resolution regarding discharging the Board of Directors and CEO from liability,
- Resolution regarding remuneration to the Board of Directors, Auditors and Committee members,
- Elected the Board of Directors,
- Adopted guidelines for remuneration to senior executives,
- Adopted guidelines for the Nomination Committee.
- Adopted a resolution to sanction the Board of Directors to authorize further new issues

Documentation relating to the AGM, such as invitations to meetings, minutes and the basis of decisions, is at NeuroVive's website, www.neurovive.com.

Annual General Meeting 2016

NeuroVive's AGM 2016 will be held on 28 April 2016, at 4 p.m. at Medicon Village,

Scheelevägen 2, in Lund, Sweden. Shareholders wishing to attend the AGM must notify the Company in advance. Information on how to apply and how to raise a matter at the AGM is on the Company's website. Information about the date and place of the AGM was uploaded to the company's website on 16 October 2015.

Nomination Committee

The Company shall have a Nomination Committee comprising one member of each of the three largest shareholders in terms of voting rights based on ownership statistics maintained by Euroclear Sweden AB. If a shareholder does not exercise its right to appoint a member, entitlement to appoint a member of the Nomination Committee shall transfer to that member who is the second largest shareholder in terms of voting rights. The Chair of the Board convenes the meetings and can be co-opted to the Nomination Committee when required. Neither the CEO nor any other member of management is permitted to be members of the Nomination Committee, nor shall Board members be a majority of the Nomination Committee members. A majority of the Nomination Committee's members shall be non-affiliated to the Company and management, if more than one Board member is included in the Nomination Committee, a maximum of one can be affiliated to the Company's major shareholders. A minimum of one of the Nomination Committee's members shall be non-affiliated to the Company's largest shareholder or group of shareholders collaborating on the Company's administration. No remuneration is payable

to any of the members of the Nomination Committee.

The Nomination Committee initiates the appraisal of the incumbent Board of Directors once it has been completed. The Committee's work shall feature openness and discussion, in order to ensure a well-balanced Board of Directors. The Nomination Committee then nominates members to NeuroVive's Board of Directors for the coming period of office, who are subsequently proposed to the AGM. The Nomination Committee's duty is to propose the Chair of the AGM, the Chair of the Board and Board members, the number of Board members, remuneration to Board members and Committee members as well as the election of, and remuneration to, the Auditors. The Nomination Committee also has the duty of proposing guidelines for appointing members of the Nomination Committee and the assignments of the Nomination Committee.

The composition of the Nomination Committee for the AGM 2016 was announced in a press release on 16 October 2015 and is as follows:

- *Michael Vickers* (Chair of the Nomination Committee), Board member representing Maas Biolab LLC
- *Anders Ermén*, Board member representing Baulos Capital Belgium SA, and
- *Tomas Hagström*, Board member representing Eskil Elmér.

The Board of Directors

Composition of the Board of Directors

The Board of Directors shall have a minimum of three and a maximum of eight members. Board members are appointed annually by the AGM and are elected for a period until the end of the next AGM. NeuroVive's AGM on 30 March 2015 re-elected Greg Batcheller, Arne Ferstad, Boel Flodgren, Marcus Keep, Helena Levander, Anna Malm Bernsten and Helmuth von Moltke as Board members. Fredrik Olsson was elected new Board member. Greg Batcheller was re-elected Chair of the Board. None of the Board members are members of the Company's management, although Greg Batcheller, through Stanbridge Corporation BVBA, and Arne Ferstad, through Ankor Consultants Ltd., work on the Company's management on a consulting basis. The Board members' non-affiliation to the Company, the Company's management and the Company's major shareholders are indicated in the table below.

Chair

The AGM appoints the Chair. The Chair represents the Board of Directors externally and internally. The Chair leads the Board's work, monitors the work and assumes responsibility for the Board completing its duties according to applicable legislation, the Articles of Association, the Swedish Code of Corporate Governance and the Board of Director's rules of procedure.

The Chair shall monitor the Company's progress through contact with the CEO, consult with the CEO on strategic matters and ensure that strategic considerations are recorded and addressed by the Board of Directors. The Chair shall also ensure that the Board of Directors, through the CEO's agency, receives information on the Company on an ongoing basis in order to enable analysis of the Company's position.

As Greg Batcheller undertakes permanent assignments on behalf of the Company in

addition to his role as Chair, the division of responsibilities between the Chair and CEO has been clarified in the Board of Directors' rules of procedure and the CEO's instructions.

The Board of Directors' duties and responsibilities

The Board of Directors is the highest administrative body under the AGM. The work of NeuroVive's Board of Directors is regulated by applicable legislation and recommendations, and by the Board of Directors' rules of procedure, which are adopted annually. The rules of procedure contain stipulations regulating the division of responsibilities between the Board of Directors and the CEO, financial reporting and audit matters. At the Board meeting following election, the Board of Directors adopts other requisite rules of procedure, policies and guidelines that form the basis for the Company's internal regulatory framework.

The Board of Directors' primary duty is to manage overall and long-term issues and matters of major significance to the Company. The Board of Directors assumes overall responsibility for the Company's operations and management and for ensuring that the accounting and fund management are controlled satisfactorily. The Board of Directors is responsible for ensuring that the Company follows applicable legislation, stipulations and the Swedish Code of Corporate Governance and that the Company is subject to satisfactory internal control procedures and formalized routines that safeguard adherence to set principles for financial reporting and internal control, and that the Company's financial reporting is prepared in accordance with statutory requirements, applicable accounting standards and other demands placed on listed companies.

According to the Board of Directors' rules of procedure, the Board of Directors normally meets on seven occasions annually, including the Board meeting following election. The Board of Directors held 10 meet-

ings during the year. Regular Board meetings covered matters such as reviewing and adopting financial reports, the business plan, budget and funding as well as strategic issues. The Board of Directors also monitors the progress of the Company's current pharmaceutical projects and financial situation continuously. The final Board meeting of the year included an appraisal of the Board of Directors and the work of the Board. The CEO's work was not evaluated as a result of the recruitment of a new CEO. Additional meetings during the year dealt with matters such as the change of date of the AGM 2015 and allocation of shares under the new issues. Matters relating to the termination of the CIRCUS study were also addressed.

The Board members' non-affiliation and attendance are indicated in the table below. For a presentation of Board members, see pages 42-43 of the Annual Report.

Evaluation of the Board of Directors' work.

Board members have completed an evaluation document produced specifically to per-

form a structured evaluation of the Board's work in accordance with the guidelines in the Swedish Code of Corporate Governance. The Board secretary has subsequently compiled the evaluation into a report presented by the Chairman to the Board of Directors at a regular Board meeting.

Evaluation of the CEO

The Board of Directors resolved to diverge from the guidelines in the Swedish Code of Corporate Governance regarding evaluating the CEO's work in 2015, as the CEO resigned from his assignment in the year. The new CEO takes up his position in March 2016, and the COO has been serving as Interim CEO since 1 September. According, an evaluation of the CEO's work in 2015 is of no relevance, and the period in which the Interim CEO has served is deemed to be too short for evaluation.

Board work in 2015

January

- Resolution to bring the AGM forward

February

- Resolution to allocate shares in a new issue. Year-end report, Audit matters, determining salary and remuneration matters including variable remuneration, proposed resolutions for the EGM, the Board of Directors' discussions with the company's Auditor without the CEO or other members of Management being present. Audit matters, Annual Accounts, AGM, Corporate Governance Report, evaluation of variable remuneration.

March

- Resolution regarding establishing a subsidiary in France.
- Statutory meeting. Determining authorized

signatories, Corporate Governance Policy, Rules of Procedure for the Board of Directors, Rules of Procedure for the Audit and Remuneration Committees and instructions for the CEO. Appointing members of Board Committees. Determining other policies and guidelines.

May

- Resolution relating to new issue of shares.
- Review and authorization of Q1 Interim Report.

August

- Review and authorization of Q2 Interim Report.

September

- Matters relating to the consequences of the negative result of the CIRCUS study.

- Board resolution that the company requires new leadership under a new CEO.

October

- Review of Corporate Governance, determining operational objectives and strategy on the basis of the new circumstances following the decision to terminate drug development for myocardial infarction.

November

- Review of Q3 Interim Report, financing matters, matters relating to the Year-end Report, budget, Audit matters, Evaluating the Board of Directors' and senior executives' work in the year, no evaluation of CEO as a result of recruitment of new CEO. The company's Auditor was present because of the Review of the Interim Report.

| Board member | Elected in | Audit Committee | Remuneration Committee | Non-affiliated ¹ | Attendance, Board of Directors | Attendance, Audit Committee | Attendance, Remuneration Committee |
|------------------------|------------|-----------------|------------------------|-----------------------------|--------------------------------|-----------------------------|------------------------------------|
| Greg Batcheller, Chair | 2000 | | | ▲ | 14/14 | | |
| Arne Ferstad | 2010 | Member | | ▲ | 13/14 | 6/6 | |
| Boel Flodgren | 2013 | | Member | Yes | 14/14 | | 3/3 |
| Marcus Keep | 2000 | | | ● | 14/14 | | |
| Helena Levander | 2012 | Chair | Member | Yes | 14/14 | 6/6 | 3/3 |
| Anna Malm Bernsten | 2013 | Member | Chair | Yes | 13/14 | 6/6 | 3/3 |
| Fredrik Olsson* | 2015 | | | ● | 8/8 | | |
| Helmuth von Moltke | 2005 | | | Yes | 14/14 | | |

1. According to the definition in the Swedish Code of Corporate Governance ▲ = Affiliated to the company or Management ● = Affiliated to major shareholders * Fredrik Olsson was elected to the Board of Directors on 30 March 2015.

Remuneration Committee

The Board of Directors has established a Remuneration Committee to assist the Board on issues relating to salary and remuneration. The Remuneration Committee's duties include:

- Consulting on the Board of Director's decisions on matters relating to remuneration principles, remuneration and other terms of employment of management,
- monitoring and evaluating ongoing and concluded (during the year) programs for variable remuneration for the corporate management, and
- monitoring and evaluating the application of guidelines for

remuneration to senior executives that the AGM is legally obliged to resolve on, and applicable remuneration structures and remuneration levels in the Company.

After consultation within the Remuneration Committee, the Board of Directors takes decisions on remuneration.

AS a sub-committee of the Board of Directors, the Remuneration Committee has limited decision-making powers. The Committee's Rules of Procedure are determined annually by the Board of Directors at the statutory Board meeting, and indicate the tasks and decision-making powers delegat-

ed by the Board to the Committee, and the methods for reporting back to the Board of Directors.

The Remuneration Committee presents ongoing reports on its work to the Board of Directors at regular Board meetings, and presents an annual report on the members' attendance at Committee meetings to the Board of Directors.

NeuroVive's Remuneration Committee is appointed at the Board meeting following election and comprises Helena Levander, Anna Malm Bernsten (Chair) and Boel Flodgren.

Audit Committee

The members of the Audit Committee are appointed by the Company's Board of Directors at the Board meeting following election and shall consist of a minimum of three Board members. The Board of Directors appoints the Chair of the Audit Committee, who may not be the Chair of the Board. A majority of the Committee's members shall be non-affiliated to the Company and management. At least one member who is non-affiliated to the Company and management shall also be non-affiliated to the Company's major shareholders.

The Audit Committee has been established to facilitate the Board of Directors' supervisory responsibility. As a subcommittee of the Board of Directors, the Audit Committee has limited decision-making powers. The Committee's rules of procedure are adopt-

ed annually at the Board meeting following election and indicate the decision-making powers the Board of Directors has delegated to the Committee and the manner in which the Committee shall report to the Board of Directors. The Audit Committee reports its work to the Board of Directors on an ongoing basis at regular meetings and also reports its work and members' attendance at Audit Committee meetings to the Board of Directors once annually.

The Audit Committee shall contribute to sound financial reporting that maintains market confidence in the Company by specifically monitoring and controlling the Company's accounting principles, financial administration, risk management and the structure of internal control, resources, ongoing work and annual reporting. The

Audit Committee also reviews the Auditor's non-affiliation to the Company.

The Committee shall consult on matters relating to the choice of Auditor and remuneration to external Auditors, and maintain close contact with the Nomination Committee for its proposals to the AGM relating to election of Auditors and determining the Audit fee. The Audit Committee's contact with the Nomination Committee is handled and maintained by the Chair of the Audit Committee.

NeuroVive's Audit Committee is appointed at the Board meeting following election and comprises Arne Ferstad, Helena Levander (Chair) and Anna Malm Bernsten for the current period.

CEO and other senior executives

The CEO is appointed by the Board of Directors. The CEO's work follows the written instructions adopted annually by the Board of Directors at the Board meeting following election.

The instructions for the CEO regulates customary areas such as the CEO's undertaking in relation to the Company and the Board of Directors, including responsibility for presenting expedient reports to the Board of Directors relevant to the Board's completion of its evaluation of the Company. The CEO shall ensure that ongoing planning, including business plans and budgets, is completed and presented to the Board of Directors for resolution. The CEO shall exercise good leadership in the management of operations to ensure that the Company pro-

gresses according to plan and follows the strategies and policies adopted. When departure from these plans and special events of a significant nature are feared, the CEO must inform the Board of Directors through the Chair immediately. The CEO shall ensure that the Company's operations, including its administration, are organized so that they satisfy market requirements, and shall ensure efficient and secure organizational control of operations.

Within the framework of the directives provided by the Board of Directors for the Company's operations, management deals with consultation regarding, and monitoring of, strategies and budgets, the distribution of resources, the monitoring of operations and preparation for Board meetings.

In the period January - August, the members of management were NeuroVive's former CEO Mikael Brönnegård, Eskil Elmér, Jan Nilsson and Catharina Jz Johansson. Mikael Brönnegård left the company on 1 September 2015. In the period September - December, management consisted of the company's Interim CEO Jan Nilsson, Eskil Elmér and Catharina Jz Johansson. Management meets every two weeks and minutes are taken at all meetings.

Remuneration to the Board of Directors and senior executives

Remuneration to Board members

The AGM 2015 resolved that fees of SEK 300,000 should be paid to the Chair and SEK 150,000 to each of the remaining Board members. Chair of the Board Greg Batcheller and Board member Fredrik Olsson waived their Director's fee for the current term of office.

The AGM 2015 resolved on remuneration of SEK 100,000 to the Chair of the Audit Committee and SEK 50,000 to each of the remaining members of the Audit Committee. Furthermore, a resolution was made regarding remuneration of SEK 40,000 to the Chair of the Remuneration Committee and SEK 20,000 to each of the remaining members of the Remuneration Committee.

Remuneration to senior executives

Following a proposal from the Board of Directors, the AGM 2015 reached a resolution regarding guidelines for remuneration to senior executives.

The guidelines for remuneration and other terms of employment applying to management mainly imply that the Company shall offer its senior executives remuneration on market terms, that this remuneration shall be determined by a dedicated Remuneration Committee governed by the Board of Directors, and that the criteria for remuneration shall be based on the responsibilities, role, competence and position of the relevant senior executive. Remuneration to senior executives is decided by the Board of Directors, excluding any Board members affiliated to the Company and management. The guidelines shall apply to new agreements, or revisions to existing agreements reached with senior executives after the guidelines were determined, and until new or revised guidelines have become effective.

Senior executives shall be offered fixed compensation on market terms and based on the managers' responsibilities, role, competencies and position. Fixed compensation shall be reviewed annually.

From time to time, senior executives may be offered variable remuneration. Such variable remuneration shall be on market terms and be based on the outcome of predetermined financial and individual targets. The conditions and basis for calculating variable remuneration shall be determined for each operational year. Variable remuneration is paid out during the year after earning, and can be paid as salary or as a lump-sum pension premium. In the event of payment as a lump-sum pension premium, there is some indexation so the overall cost to NeuroVive is neutral. The basic principle is that the annual variable portion of pay may be a maximum of 30% of basic annual salary. Total variable remuneration to senior executives may not exceed SEK 1,500,000.

When determining variable remuneration to management payable in cash, the Board of Directors shall consider introducing restrictions that:

- make payment of a portion of such remuneration conditional on the sustainability of the results on which the earnings are based, and
- allow for the Company to reclaim compensation that has been paid on the basis of information that is later shown to be manifestly inaccurate.

Senior executives are entitled to pension solutions on market terms in accordance with collective agreements and/or with NeuroVive. All pension commitments shall be premium-based. Salary differentials can be utilized to increase pension provisions

through lump-sum pension premiums, provided that the total cost to NeuroVive remains neutral.

The CEO has a maximum notice period of six months from NeuroVive's side and the maximum notice period for other senior executives is six months. The notice period is a minimum of six months from the CEO's side and the minimum notice period is three months for other senior executives.

The Board of Directors is entitled to depart from the above guidelines if the Board considers there are special reasons to justify such departure in individual cases. In connection with the former CEO Mikael Brönegård's resignation, the board agreed on an extended nine month notice to the earlier agreed notice of six months. This is considered to fall within the Board's mandate as described above. Variable remuneration of SEK 1,076,620 was paid to senior executives in 2015, within the framework of the guidelines. Authorized remuneration totaling SEK 817,000 to the former CEO have not become due for payment.

The Auditor has presented a statement to the AGM 2016 relating to whether the Board of Directors followed the adopted guidelines for remuneration to senior executives in 2015. The Auditor's statement concludes that NeuroVive followed the guidelines. The Board of Director proposes that the same principles apply in 2016 as in 2015 adding that in addition to the notice period, severance pay can amount to a maximum of six months' salary and benefits for the CEO.

Share-based incentive program

There are currently no active incentive programs.

Auditors

The Auditors shall examine the Company's annual accounts and accounting records, and the Board of Directors' and CEO's administration. The Auditors shall present an Audit Report and a Consolidated Audit Report to the AGM at the end of each financial year. The Company's Auditors shall be appointed for a period of four years by the shareholders at the AGM. The AGM 2012 appointed Mazars SET Revisionsbyrå AB as the Company's Auditors. Bengt Ekenberg is Auditor in Charge. In order to ensure that the standards applying to the Board of Directors relating to information and control are satisfied, the Auditors regularly report to the Audit Committee on accounting mat-

ters and potential misstatements or suspected improprieties. In addition, the Auditors attend most of the Audit Committee's meetings and Board meetings as required. At least once a year, the Auditors present a report to the Board of Directors without the CEO or other members of the Company's operational management attending.

Remuneration to the Auditors

The AGM 2015 resolved on remuneration to the Auditors on the basis of approved account and customary debiting practice. Audit assignments are defined as reviewing the annual accounts an accounting records, as well as the Board of Directors' and CEO's

administration, any other duties incumbent on the Company's Auditor and consultancy or other assistance arising from observations made in connection with such review or performance of other such duties. During control activities in the year, the Audit Committee concluded that the Auditors are non-affiliated to the Company. Information on Audit fees is in Note 9 on page 61. The Interim Report for the period January—September 2015 has been subject to a summary review by the Auditor.

Insider information and silent periods

Insiders are defined as members of the Board of Directors, management, Authorized Public Accountant Bengt Ekenberg, a number of employees/subcontractors of NeuroVive. In addition, a number of persons with specific functions in the group's subsidiaries also form part of this group. All these persons hold positions that can normally be considered to confer access to unpublished share price-sensitive information have been registered with the Swedish Financial Supervisory Authority as possessing insider information about NeuroVive.

Such individuals are obliged to notify any changes in their holdings of financial instruments in NeuroVive in accordance with The Act concerning Reporting Obligations for certain Holdings of Financial Instruments.

Listed companies are required to keep a record, logbook, of individuals employed or subcontracted by the Company or who otherwise have access to insider information relating to the Company. This can include insiders, but also other individuals with access to insider information without be-

ing registered as insiders in relation to the Company.

NeuroVive keeps a logbook for each financial report or press release where the information could affect the share price.

Silent periods

NeuroVive applies a silent period of a minimum of 30 days before publication of Interim Reports. During this period, group representatives refrain from contacts with the financial media, analysts or investors.

Internal controls over financial reporting

The overall aim of internal controls is to ensure, to a reasonable extent, that the Company's operational strategies and targets are monitored and that the owners' investments are protected. Internal controls should also secure reasonable assurance that external financial reporting is accurate and has been prepared in accordance with generally accepted accounting practice, that applicable legislation and stipulations are followed and that requirements made on listed companies are satisfied. The internal control environment mainly comprises the following five components: control environment, risk assessment, control activities, information and communication and follow-up.

Control environment

NeuroVive's control environment includes its organizational structure, decision-paths, responsibilities and authorizations, which are clearly defined in a number of constitutional documents. The constitutional documents have been adopted by the Board of Directors to ensure an effective control environment.

The Company's control environment consist of collaborative initiatives between the Board of Directors, the Remuneration and Audit Committees, the CEO, the CFO, internally appointed staff and the Company's Auditor. Control is also exercised through the reporting procedures adopted in the Company's finance manual, including financial reporting to the Board of Directors, and a yearly report to the Board of Directors on completed internal control procedures.

The Audit Committee has overall responsibility for ensuring that the internal control regarding financial reporting and reporting to the Board of Directors is effective. The Audit Committee performs quarterly reconciliation with the company's CEO and Auditor. In addition, the documentation produced for Management's evaluation of the

company's internal control is reviewed and evaluated annually.

Risk assessment

Risks assessment includes identifying risks that may arise if the fundamental standards of financial reporting in the group are not satisfied. A review takes place to ensure that the Company has an infrastructure that enables effective and expedient control, and an assessment of the Company's financial position and significant financial, legal and operational risks.

Pharmaceuticals development is associated with risks and is a capital-intensive process. The risk factors judged to be of particular significance to NeuroVive's future progress are the outcome of clinical studies, measures taken by regulatory authorities, competition and pricing, collaboration partners, liability risk, patents, key staff and future capital requirement.

Control activities

Control activities limit identified risks and ensure accurate and reliable financial reporting. The Audit Committee and the Board of Directors are responsible for the internal control and monitoring of management. This is achieved through internal and external control activities and by reviewing the Company's constitutional documents governing risk management. The results of internal controls are compiled and a report presented to the Board of Directors and the Audit Committee annually.

Information and communication

The Company has information and communication paths intended to promote the accuracy of financial reporting and ensure reporting and feedback from operations to the Board of Directors and management, through means including constitutional documents such as internal policies, guidelines and instructions relating to financial reporting being made available and presented to the relevant staff.

Monitoring

NeuroVive monitors the observance of the Company's constitutional documents and routines relating to internal controls. Management reports to the Audit Committee on internal controls at each meeting.

The Board of Directors is regularly updated on the Company's financial position and profit/loss against budget as well as on development projects in relation to the relevant project budgets. The CEO presents a written report at each regular Board meeting, or when the need arises, directly to the Board of Directors on the monitoring and status of the Company's ongoing projects and drug candidates.

Special evaluation of the requirement for internal audit

NeuroVive does not conduct an internal audit. The Board of Directors evaluates the need for this function annually and judges that, given the Company's size with relatively few employees and limited transactions, there is no need to institute a formal internal audit function.

Compliance with Swedish stock market regulations and accepted stock market practice

NeuroVive has not been subject to any ruling by Nasdaq Stockholm's disciplinary commission or statements by the Swedish Securities Council relating to breaches of Nasdaq's regulatory framework for issuers or good accounting practice on the stock market in the financial year 2015.