

## Notice of Extraordinary General Meeting in Karolinska Development AB (publ)

The shareholders of Karolinska Development AB (publ), reg. no. 556707-5048, (“**Karolinska Development**” or the “**Company**”) are invited to the Extraordinary General Meeting, on Friday February 19, 2021.

Due to the continued spread of the coronavirus and the authorities’ regulations/advice on avoiding public gatherings, the Board of Directors has resolved that the EGM will be held without physical presence of shareholders, proxies or external parties and that shareholders only can exercise their voting rights by voting in advance in accordance with the procedure prescribed below. Information on the resolutions passed at the EGM will be published on Friday February 19, 2021, as soon as the result of the voting has been finally confirmed.

### **Participation and notification of attendance**

A shareholder, who wishes to participate in the meeting, must

(i) be recorded as shareholder (not nominee registered) in the share register held by Euroclear Sweden AB on Thursday February 11, 2021 and

(ii) notify of his/her intention to participate by submitting their advance vote in accordance with the instructions under the heading *Advance voting* below, so that the advance vote is received by Karolinska Development no later than Thursday February 18, 2021.

### **Nominee registered shares**

For shareholders who have their shares nominee-registered through a bank or other nominee, the following applies in order to be entitled to participate in the meeting. In addition to giving notice of participation by submitting its advance vote, such shareholder must re-register its shares in its own name so that the shareholder is registered in the share register kept by Euroclear Sweden AB as of the record date Thursday February 11, 2021. Such re-registration may be temporary (so-called voting rights registration). Shareholders who wish to register their shares in their own names must, in accordance with the respective nominee’s routines, request that the nominee make such registration. Voting rights registration that have been requested by the shareholder at such time that the registration has been completed by the nominee no later than Monday February 15, 2021, will be taken into account in the preparation of the share register.

### **Advance voting**

The shareholders may *only* exercise their voting rights at the EGM by voting in advance, so-called postal voting, in accordance with Section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations.

For advance voting, a special form must be used. Forms in Swedish and English are available for download on the Company’s website, [www.karolinskadevelopment.com](http://www.karolinskadevelopment.com). The advance voting form is valid as notification of participation at the EGM.

The completed advance voting form must be received by the Company no later than Thursday February 18, 2021. The completed form shall be sent to Karolinska Development by e-mail to [eva.montgomerie@karolinskadevelopment.com](mailto:eva.montgomerie@karolinskadevelopment.com) or by regular mail to Karolinska Development, “EGM”, Tomtebodavägen 23 A, SE-17165 Solna, Sweden. The shareholder may not provide special instructions or conditions in the advance voting form. If so, the vote (i.e. the advance vote in its entirety) is invalid. Further instructions and conditions are provided in the form for advance voting.

### **Proxy etc.**

If the shareholders votes in advance by proxy, a written proxy must be attached to the form. The proxy is valid during the period set forth in the proxy, however, at most five years from the issuance. If a proxy is issued by a legal entity, a copy of the legal entity’s registration certificate or similar document evidencing signatory powers must be enclosed. Proxy forms in Swedish and English are available for download on the Company’s website, [www.karolinskadevelopment.com](http://www.karolinskadevelopment.com).

### **Proposal for agenda**

1. Opening of the meeting

2. Election of chairman of the meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons to verify the minutes
6. Determination of whether the meeting was duly convened
7. Election of chairman of the Board of Directors and directors
8. The Board of Directors' proposal regarding principles for remuneration to executive management
9. Closing of the meeting

### **Item 2: Election of chairman of the meeting**

The Nomination Committee has consisted of Peter Lundkvist (chairman), appointed by Tredje AP-fonden (Third Swedish National Pension Fund), Jack Li appointed by Sino Biopharmaceutical; Yan Cheng appointed by Worldwide International Investments Ltd; Hans Möller, appointed by Karolinska Institutet Holding AB and; Torgny Wännström, appointed by Insamlingsstiftelsen för främjande och utveckling av medicinsk forskning vid KI.

The Nomination Committee proposes that the Extraordinary General Meeting resolves as follows:

Lawyer Johan Hessius (Cirio Law Firm) is appointed to chair the Extraordinary General Meeting, or in his absence, a person appointed by the Board of Directors.

### **Item 3: Preparation and approval of the voting list**

The voting list proposed for approval under item 3 on the agenda is the voting list prepared by the Company, based on the share register for the EGM and received advance votes, and is verified by the persons assigned to verify the minutes.

### **Item 5: Election of one or two persons to verify the minutes**

The person proposed to verify the minutes is Hans Möller, proxy for Karolinska Institutet Holding AB, or, in case of impediment to him, the person instead appointed by the Board of Directors. The assignment to verify the minutes shall also include verifying the voting list and that advance votes received are correctly reflected in the minutes of the meeting.

### **Item 7: Election of chairman of the Board of Directors and directors**

The Nomination Committee proposes that the Extraordinary General Meeting resolves as follows:

Anna Lefevre Skjöldebrand and Ben Toogood are elected as new directors of the Board of Directors. Directors Hans Wigzell and Magnus Persson have resigned from their positions.

Björn Cochlovius is elected as new chairman of the Board of Directors.

Anna Lefevre Skjöldebrand is CEO at Swedish Medtech Service AB, which is the industry organization for the medical technology companies in Sweden. She is further chairperson of Sweden Medtech4Health AB and director of Dedicare AB and Swecare. She has a background in law as, inter alia, lawyer at Advokatfirman Delphi and Head of Legal at Swedish Medtech Service AB. Anna has previously also been a director of, inter alia, the e-Health agency, SIS AB and the Board for Public Procurement. She has also been an expert in several working groups in Sweden and the EU. Anna is independent of the Company and its executive management, and independent in relation to the Company's major shareholders.

Ben Toogood is Head Global Business Development at the pharmaceutical company Sino Biopharmaceuticals Limited. He was previously Head Global BD & M&A at Sandoz AG. He has also previous experience as, inter alia, Group New Business Development Executive at Aspen Pharmacare Holdings and Vice President Global Business Development at Pharmathen SA. Ben has an Executive MBA from Cambridge University, a Masters of Science in Medicine Degree from University of the Witwatersrand and a Pharmacy Degree from Rhodes University. Ben is independent of the Company and its executive management. He is not independent in relation to the Company's major shareholders.

### **Item 8: The Board of Directors' proposal regarding principles for remuneration to executive management**

The Board of Directors proposes that the Extraordinary General Meeting resolves to approve the proposal for Guidelines for Remuneration to Executive Management. The Guidelines applies on salary and other forms of remuneration to the CEO and other management personnel (executive

management) decided after the 2021 EGM. They apply to all categories of remunerations and benefits, whether paid in cash, or paid now or in the future, or if certain or uncertain. The Guidelines do not apply to remuneration decided by the General Meeting.

The Guidelines are handled by the Remuneration Committee, which provide a proposal to the Board of Directors. The decision to submit the Guidelines for approval by the General Meeting is made by the Board of Directors.

#### *General*

Remuneration to executive management comprises fixed salary, variable remuneration, pension fees and other customary benefits.

Karolinska Development shall maintain compensation levels and terms required to recruit and keep executive management with the competence and experience necessary to fulfil the Company's business strategy, long-term interests and sustainability. The total remuneration to executive management shall be on market terms, competitive, reasonable and appropriate.

For more information about the Company's business strategy, see the Company's website (<https://www.karolinskadevelopment.com/en/our-strategy>).

Market term consultancy fees may be paid to board directors that perform services to the Company outside the scope of the directorship.

#### *Fixed salary*

Fixed salaries shall be based on each individual's experience, competence and field of responsibility. Fixed salary shall be revised annually for each calendar year.

#### *Variable remuneration*

Variable remunerations shall be formed to promote Karolinska Development's long term value creation; be based upon criteria that are predetermined, clear, measurable and that can be influenced; if in form of variable salary, have a fixed cap; not be included when calculating pension insurance premiums.

The CEO and other executive management are entitled to bonus based on exits in the portfolio. The remuneration totals of 4% of the net proceeds paid to the Company upon the exit, limited to a maximum exit related bonus of MSEK 50 per exit and financial year. The bonus create incentive to contribute to the realization of the Company's business strategy, long-term interests and sustainability.

Annual short-term incentive programs (STI) based on corporate objectives, set yearly by the Board of Directors, are proposed by the Remuneration Committee and resolved by the Board of Directors for each calendar year. The remuneration is conditional upon criteria based on the development of the portfolio and development of the business model, which are set up to realize Karolinska Development's long-term value creation and creates incentive to contribute to the realization of the Company's business strategy, long-term interests and sustainability. The set objectives are divided into sub-objectives, each being clear, measurable and influenceable, which are weighed relatively depending on priority. The program is evaluated after the end of the year by the Remuneration Committee and the outcome is decided by the Board of Directors. The payment to an employee under a STI program shall be limited to an amount corresponding to six months' salaries. The cost for the Company at maximum outcome of STI 2021 amounts to 4.1 MSEK.

Information about the exit bonus and the STI and LTI programs is found in the Annual report for 2019, note 5. Information is also available on the Company's website in the Corporate Governance section.

As described above, the STI part of the total annual fixed cash salary cannot exceed 50%, which also means that the fixed salary will always be at least 66% per cent of the total remuneration. Potential exit bonus is not included in this calculation.

Karolinska Development has one long-term incentive program (LTI) for the year 2008-2010, resolved by the AGM and therefore not covered by the Guidelines.

#### *Pension*

The Company's costs for pension for an employee shall be paid during the period when the employee is active in the Company. Pension insurance premiums shall not be paid when an employee has retired. In addition to what is required under Swedish law, premiums shall be paid in accordance with an adopted pension premium plan, with pension fees paid within intervals depending on age and salary. The pension premiums for defined-contribution may amount to maximum 35 % of the annual fixed cash salary.

### *Customary other benefits*

Executive management are entitled to such other customary benefits that are applied for all employees at Karolinska Development, such as sick pay, health care and wellness program etc. The number of paid holidays amounts to thirty.

Executive management are not allowed to receive fees for serving on the Board of Directors, when related to the employment at Karolinska Development. The Company does not provide company cars.

The termination period at termination by the Company shall not exceed twelve months for the CEO and six months for other executive management. If notice of termination is given by the CEO, the notice period shall be at least six months and by other executive management, at least six months. Severance pay may be paid only to the CEO. Fixed salary during a period of notice and severance pay aggregated are not to exceed an amount equivalent to the individual's fixed salary for two years.

### *Salaries and terms of employment for employees*

When preparing the Board's proposal for these remuneration guidelines, salaries and terms of employment for the Company's employees were considered in that information about employees' total remuneration, the remuneration components, the increase in the remuneration and the rate of the increase over time formed a part of the Board's decision basis for the evaluation of the reasonableness of the Guidelines and the limitations resulting from them.

### *Preparations and decisions*

The Company's Remuneration Committee is to prepare decisions related to salaries and other employment terms to executive management. The Board of Directors is to decide regarding salary to the CEO and principles for remuneration to other executive management. The Board must prepare a proposal for new guidelines at least every four years and present the proposal to the AGM for resolution. The Guidelines should apply until new guidelines are adopted by the General Meeting. The Board of Directors should also monitor and evaluate the program for variable remuneration to the executive management, the application of guidelines for remuneration to executive management and the applicable remuneration structures and levels in the Company. The members of the Remuneration Committee are independent in relation to the Company and executive management. When the Board of Directors prepare and decides on remuneration-related matters, the CEO and other members of executive management do not attend the meetings to the extent they are affected by the matters.

### *Exceptions*

The Board of Directors may temporarily deviate from the Guidelines in full or in part if there on a case by case basis and in accordance with The Swedish Companies Act (sw. *aktiebolagslagen*) are grounds for such a decision and a deviation is necessary to ensure the Company's long-term interests, including its sustainability, or to ensure the Company's economic viability. Circumstances known to the Board of Directors when the Guidelines were decided are normally not reason enough for an exception. Exceptions (if any) shall be commented on at the following AGM.

### *Deviations*

Due to the financial stress that the Company was exposed to during 2019, the Board of Directors resolved on a deviation from the Guidelines, and introduced, at the start of the year, a temporary salary increase in order to secure the personnel (including key executives), until a solution of the financial situation was in place. 1,5 extra month salary was paid for each full calendar quarter the employment remained. The increase in salary expired December 31, 2019 when the convertible loan was solved and the financing secured. The deviation was made in line with the guidelines adopted by the 2018 AGM. Compensation to executive management complies with the guidelines for compensation, established by the 2019 AGM.

### *Previously decided remunerations not yet due for payment*

At the time of the 2021 EGM, there are no decided remunerations due for payment to executive management.

### **Miscellaneous**

The proposal by the Nomination Committee and its reasoned statement and complete proposals for decisions in all matters on the agenda will be available three weeks before the Extraordinary General Meeting at the Company's office at Tomtebodavägen 23 A in Solna, Sweden and on the Company's website, [www.karolinskadevelopment.com](http://www.karolinskadevelopment.com). Copies of the above-mentioned documents will, upon

*N.B. The English text is an in-house translation.*

request, be sent to shareholders who have provided their postal address. A request for such documents may be made in the way set forth above for notification of attendance.

A shareholder is entitled to require that the Board of Directors and the CEO (when possible without causing material damage to the Company) provides information regarding circumstances that may have an effect on the assessment of an item on the agenda. A request for such information shall be made in writing to Karolinska Development by e-mail to [eva.montgomerie@karolinskadevelopment.com](mailto:eva.montgomerie@karolinskadevelopment.com) or by regular mail to Karolinska Development, "EGM", Tomtebodavägen 23 A, SE-17165 Solna, Sweden no later than Tuesday February 9, 2021. The information will be disclosed by making it available at the Company's office and website no later than Sunday February 14, 2021. The information will also be sent, within the same period of time, to the shareholders who requested it and stated their postal address or e-mail address.

As per the date of this notice, there are 175,665,409 shares, representing a total of 189,193,291 votes outstanding in the Company, distributed among 1,503,098 shares of series A (with 15,030,980 votes) and 174,162,311 shares of series B (with 174,162,311 votes). As per the date of this notice, the Company holds 244,285 treasury shares of series B.

### **Processing of personal data**

For information on how your personal data is processed in connection to the Extraordinary General Meeting see the privacy policy available on Euroclear Sweden AB's website:  
<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

**Solna in January 2021**  
**Karolinska Development AB (publ)**  
***The Board of Directors***