

## PCI Biotech Holding ASA (“PCI Biotech”) - Remuneration Policy

*Prepared and approved by PCI Biotech Board of Directors (“BoD”) on 6<sup>th</sup> May 2021. The policy is to be adopted by the annual general meeting scheduled for 28<sup>th</sup> May 2021 in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16a and related regulations. The final adopted remuneration policy will apply up to four years (until the annual general meeting in 2025), unless amended or replaced earlier by way of a general meeting.*

The function of this document is to describe the overall remuneration policy, its principles and details for the executive team and the company as a whole. The BoD may temporarily resolve to derogate from the policy, in whole or in part, if such derogation is necessary to serve PCI Biotech’s interests. Any derogation from the policy shall be reported in the remuneration report for the relevant year. Derogations that cannot be deemed temporary, will be presented for approval as part of an amended remuneration policy.

The executive team includes as per date of this policy document the following six positions; Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Scientific Officer (CSO), Chief Medical Officer (CMO), Chief Development Officer (CPO) and Chief Business Officer (CBO). The executive team composition may change according to future corporate needs of PCI Biotech, and normal composition changes are not considered to be subject to amendment of the remuneration policy.

### Section 1 – Overview of the remuneration principles

The remuneration policy for PCI Biotech is based on the principles summarised below:

Principle	Summary
Market competitive remuneration	<p>PCI Biotech offers competitive reward opportunities to enable the company to attract, retain and motivate the talent needed to achieve the vision and business objectives.</p> <p>PCI Biotech shall not be market leader in relative to compensation, but balance the need to provide competitive levels of reward against a desire to be cost effective when determining reasonable and responsible rewards. PCI Biotech aim at offering the executive management team a total compensation package around the median percentile of the relevant peer group.</p>
Pay for performance	<p>An appropriate proportion of the reward package is performance-based to ensure reward is linked to the achievement of key operational and financial objectives with a balance of short and long-term performance components.</p>
Transparency	<p>Remuneration programs are designed and communicated in a manner that reinforces the link between business objectives, vision and culture.</p>
Business alignment and consistency	<p>Remuneration decisions are made within an industry framework, with alignment and consistency of the overall principles and policies of PCI Biotech.</p> <p>The remuneration practices will remain flexible enough to evolve as PCI Biotech’s business priorities change.</p>
Shareholder alignment	<p>The remuneration programs are intended to align the interests of employees in driving value creation for shareholders.</p>

## Section 2 – Remuneration elements

The remuneration package for the PCI Biotech employees will comprise all or some of the following elements:

- Fixed pay
  - Base salary
- Variable performance-based pay
  - Bonus (short-term incentive)
  - Share options (long-term incentive)
- Benefits
  - Pension scheme
  - Other benefits (including termination and severance payment)

An appropriate proportion of the reward package is performance-based annual bonuses used to award current performance, while the use of share options is used for retention of existing employees, attraction of new employees and alignment with shareholders for the continued creation of shareholder value.

### **Board of Directors**

The BoD are compensated with an annual fee for acting as director's, which takes into account the director's role. The annual general meeting sets the annual fees for the retrospective period, based on recommendation from the Nomination Committee. Expenses such as travel and accommodation in relation to board meetings as well as relevant training are reimbursed.

## Section 3 - Benchmark review guidelines

A key component of the remuneration principles is industry alignment, and this is achieved by establishing an appropriate peer group to verify the market competitiveness of the remuneration package and to assess market practice for the different remuneration elements.

The need for a benchmark review is assessed annually by the BoD and the purpose of a benchmark review is twofold:

1. To review the competitiveness of the remuneration policy and, if necessary, adjust the policy where applicable
2. Provide background and support to the Board of Director's annual remuneration work

The selection of the peer group should be based on industry sector, development phase, location, number of employees, revenue and market capitalisation. Based on PCI Biotech's development stage and location, listed Norwegian and Swedish companies are considered to be the most relevant peers. To get a sense of the competitiveness of the remuneration package towards larger companies, it may be considered to include more mature commercial stage companies and other countries into the peer group. In the selection of peers, external parties may be consulted. If it is considered feasible to do an inhouse benchmark review, the BoD may be assisted by management in the data collection process and preparation of conclusions from the benchmark review.

## Section 4 – Annual review of each remuneration element

The Board of Directors determine the total remuneration of the Chief Executive Officer (“CEO”). The BoD has final approval of the remuneration of the executive team, based on recommendation by the CEO. For the rest of the organisation the BoD approves the overall remuneration level and delegates distribution among the individuals to the CEO. The annual overall company objectives and the individual objectives of the CEO are set by the BoD. These overall company objectives are broken down into subgroup and individual goals, which all are set as transparent and measurable goals for individual impact.

### Base salary

An annual base salary increase for each individual may consist of expected inflation adjustment, adjustment to reward individual performance, and/or adjustment of the overall compensation package. Final approval of annual base salary adjustments is made by the BoD in first quarter with retroactive effective from Jan 1<sup>st</sup>. Any special adjustments, including promotions, that are made by the BoD are effective from the month they are communicated to the employee.

### Bonus - short-term incentive scheme

Based on the pay for performance principle all members of the executive management team and most of the rest of the organisation are eligible to participate in an annual short-term incentive scheme, in the form of salary bonus. The scheme is linked to individual performance measures, which focus on the achievement of goals for the business area relevant for individual, as well as overall company objectives common for all in the organisation. Bonus driving objectives should be realistic, but stretched i.e. bonus is not an entitlement.

The Board, in discussion with the CEO, reviews the level of performance and goals achieved for the company and the individual executive team members. The board will in the first quarter have a final discussion and approve the bonus award for previous year for the CEO and the overall bonus framework for the rest of the organisation. On this basis, along with individual assessments, the CEO determines the individual bonus to the rest of the organisation.

PCI Biotech’s remuneration policy aims at a short-term performance reward up to a fixed level of base salary, as disclosed in the table below.

Category	Target bonus in % of base salary
Chief Executive Officer	30%
All other executives	10 - 25%
All other employees	0-10%

### Share option scheme – long term incentive plan

As part of a long-term element of the pay for performance and the shareholder alignment principles, PCI Biotech operates with a share option scheme where all employees may participate. No employees are automatic entitled to annual allotment of share options and share options are not allotted to consultants or Board members. The use of a share option scheme for employees reflects practice in the peer group. Significant changes to the current long-term incentive plan will be based upon the needs of the business at the time and will be subject to shareholder approval.

The purposes of the share option scheme are threefold. First, it aims to align the interest of employees with that of shareholders through linking rewards to future share price development. Secondly, options vesting into the future that are conditional on still being employed by the company will reward those who remain loyal. Finally, options have become an important tool in attracting new hires for executive management.

Share options are meant to be allotted once annually by the BoD, normally within one week after release of the second quarterly report. Any share options intended to be allotted in connection with new hires or exceptional reward situations must be discussed and approved by the BoD beforehand. Such share options will be allotted when practicable or after release of the following quarterly report.

At allotment the BoD will seek to allot a number of share options with a total fair value, calculated according to the Black-Scholes model, that is partly linked to the annual base salary for each individual. Other elements that will be assessed in the allotment are the balance between total short- and long-term performance based rewards, current value of share options held, overall performance, work responsibility, importance of retention and position.

In the annual allotment the BoD will ensure compliance with the current authorisation level for the share option scheme given by the shareholders.

To ensure long term ownership by executive management, shares obtained by exercise of share options shall be held for at least one year, except shares to be sold immediately to cover transaction costs and tax under a so-called cash less exercise. No lock-up elements are applicable for other employees.

Through the long-term incentive program the board expects members of the executive team to build up and maintain share ownership with a market value equal to at least one-year gross base salary, before any shares may be sold.

The share options are subject to service based vesting conditions and other standardised terms and conditions for employee incentive programs. The general service vesting term is three years, with one third vested each year. The share options expire five years from grant date. With some exceptions, all shares options will lapse immediately upon termination of employment. The exceptions refer to situations like retirement and downsizing. Each share option gives the right to acquire one regular share in the company. The strike price is set at market terms, using the strike price equal to the volume weighted average share price (VWAP) for the last 5 days of trade prior to the grant date. In the event of certain corporate actions the strike price for outstanding share options may be adjusted by the BoD to ensure that this long term remuneration element is not impacted by such corporate actions. The Black-Scholes method is used for fair value assessment of the share option at grant date. Share options subject to a lock-up period before shares may be sold will have their fair value adjusted accordingly. Vested share options can only be exercised during four specified periods in a year: within one week after release of quarterly reports.

The BoD seeks authorisation from shareholders at the annual general meeting to issue share options, and this authorisation sets the framework for the total number of share options that can be granted. An authorisation is normally granted for one year, in compliance with the Norwegian Corporate Governance Board ("NCGB" or "NUES") recommendation on corporate governance for Companies listed in Norway (17 October 2018).

**Pension scheme**

PCI Biotech has a defined contribution pension scheme according to the mandatory requirements in Norway. The pension scheme applies to all Norwegian employees of PCI Biotech.

Foreign employees that are not members of the Norwegian national social security scheme are excluded from the company pension scheme. For these employees, PCI Biotech arrange for a matching annual pension contribution of similar value as they would have been entitled to in the Norwegian company specific scheme. PCI Biotech will only do contributions directly to the selected pension service provider on behalf of the foreign employees, meaning that no cash contributions are made directly to employees.

PCI Biotech applies the maximum tax free contribution level, according to Norwegian regulation, of 7% of annual base salary for the lower 0-7.1G salary range. For the upper 7.1-12G salary range the applied contribution level is 21% in 2020, while the maximum tax free contribution level for the upper G salary range is 25% according to Norwegian regulations. No contributions are made for annual base salary beyond 12G.

**Benefits in kind**

Employees may be given the benefits in kind that are common market practice, i.e., free telephone, free broadband, a laptop, newspapers, healthcare insurance, limited car allowance, etc. on customary terms. It is not given additional remuneration for special services outside the normal functions as an employee. The type and level of benefits in kind, will be reviewed when deemed relevant.

**Termination and severance**

The current CEO is, pursuant to specific requirements, entitled to severance salary for up to 6 months after the end of his period of notice. There are no agreements beyond the statutory requirements for other employees. The type and level of benefits for termination and severance, will be reviewed when deemed relevant.