

The Board of Directors' proposed guidelines for executive remuneration

These guidelines for remuneration of senior executives are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2024. These guidelines do not apply to any remuneration decided or approved by the general meeting. The Board of Directors does not propose any material changes to the guidelines adopted by the annual general meeting 2020.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The key components of Active Biotech's business strategy is the following:

- Achieve greatest possible value growth in each project and seek collaboration with strong partners
- Progress product development and pursue commercialization of the company's selected compounds with partners
- Limit internal costs and overheads by creation of partnership agreements and use of external expertise
- Protect know-how through an active patent strategy
- Create financial sustainability through partnering with licensees and shareholders

A prerequisite for the successful implementation of the company's business strategy and safeguarding of the shareholders long-term interests, including the company's sustainability, is that the company is able to recruit and retain highly experienced personnel. To this end, it is necessary that the company offers an attractive and competitive remuneration, and these guidelines enable the company to offer executive management a competitive total remuneration comprising a base salary, bonuses and benefits as defined below.

Remuneration framework

In Active Biotech, the remuneration shall be on market terms and may consist of the following components: base salary, a variable cash-based short-term incentive program, pension benefits, company car and other benefits. Additionally, the remuneration may include – subject to approval by the general meeting and irrespective of these guidelines – share-related or share price-related remuneration.

The variable cash-based short-term incentive program may amount to not more than 50 per cent of the fixed annual base salary for the CEO & President and 25 percent for other executives.

Payments under the variable cash-based short-term incentive program shall not qualify for pension benefits. Pension benefits are to comprise defined-contribution schemes. For senior executives covered by the ITP plan, the pension premium is to correspond to the stipulations of the ITP plan. For other senior executives, the pension premium is to not exceed 25 percent of fixed salary.

Other benefits may include, for example, health care insurance and company car. Such benefits may amount to not more than 10 per cent of the fixed annual base salary.

Termination of employment

If notice of termination of employment is made by the company, the notice period for the President & CEO or other senior executives may not exceed 12 months and shall not include any right to severance pay. Fixed cash salary during the period of notice may together not exceed an amount equivalent to the CEO's fixed cash salary for two years, and one year for other executives. If notice of resignation is made by the President & CEO or other senior executives, the notice period may not exceed 12 months and shall not include any right to severance pay.

Criteria for awarding the variable cash-based short-term incentive program

The variable cash-based short-term incentive program shall be linked to predetermined and measurable targets which can be financial or non-financial. These targets may be collective or individualized, and be either quantitative or qualitative in nature. The criteria shall be designed so successful delivery of a target directly contributes to the successful delivery of the company's business objective for the year.

The Board of Directors shall define the targets applicable for the cash-based short-term incentive program during the first quarter of the year. To which extent the target achievement has been met, and a cash-based short-term incentive shall be awarded, shall be evaluated at the end of the year. The Board is responsible for this evaluation so far as it concerns cash-based short-term incentive program to the CEO. For other executives, the CEO is responsible for the evaluation following consultation with the Board.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors shall resolve on all matters pertaining to executive compensation. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Board of Directors shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

Description of material changes to the guidelines and how the views of shareholders' have been taken into consideration

There are no earlier adopted remuneration packages that have not fallen due for payment. There are no derogations from the remuneration guidelines resolved by the annual general meeting 2020.