

## Guidelines for executive remuneration

The board of directors, the CEO and other members of the executive management fall within the provisions of these guidelines. The guidelines 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 2020. These guidelines do not apply to any remuneration already decided or approved by the general meeting.

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

In short, the company's business strategy is the following.

Vicore Pharma is an orphan drug company with a focus on fibrotic lung diseases and related indications. The company currently has two drug development programs, VP01 and VP02. VP01 aims to develop the drug substance C21 for the treatment of idiopathic pulmonary fibrosis (IPF). VP02 is based on a new formulation and delivery route for an existing immunomodulatory substance (a so-called "IMiD"). VP02 focuses on IPF with respect to both the underlying disease and the severe cough associated with IPF. VP01 and VP02 are also evaluated for other indications in the field of fibrotic lung disease. Vicore's long-term goal is to obtain regulatory approvals and establish the company as a pharmaceutical company specializing in fibrotic lung disease.

For more information regarding the company's business strategy, please see Vicore Pharma's company presentation at <https://vicorepharma.com/investors/events-presentations/>.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration.

These guidelines enable the company to offer the executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

The company also has long-term share-related incentive plans in place. The plans have been resolved by the general meeting and aim to align the interests of the board members and key employees with those of the shareholders.

### **Types of remuneration, etc.**

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Furthermore, additional variable cash remuneration may be awarded in extraordinary circumstances. Additionally, the general meeting may – irrespectively of these guidelines – resolve on, among other things, share-related or share price-related incentive programs.



The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one to several years. The variable remuneration payable in cash may amount to a maximum of 40 percent of the annual fixed cash salary for the CEO and a maximum of 30 percent of the annual fixed cash salary to other senior executives under the measurement period for such criteria. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 per cent of the fixed annual cash salary and may not be paid more than once per year for each individual. Any resolution on such remuneration shall be made by the board of directors based on a proposal from the remuneration committee.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 per cent of the fixed annual cash salary. For other executives, pension benefits, including health insurance, shall be premium defined unless otherwise required by for example collective agreements. The pension premiums for premium defined pension shall amount to not more than 30 per cent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits may not amount to more than 10 per cent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

## **Termination of employment**

For all executives the notice period may be up to six months if notice of termination of employment is made by the company. For the CEO, fixed cash salary during the notice period and severance pay may, in total, not exceed twelve months' fixed salary, and for other executives, such remuneration may not correspond to an amount which exceeds six months fixed salary. The period of notice may be up to six months without any right to severance pay when termination is made by the executive.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall amount to not more than 60 per cent of the monthly income at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment.

## **Criteria for awarding variable cash remuneration, etc.**

The variable cash remuneration shall be linked to predetermined and measurable criteria. These criteria can be measurable advancements in the company's preclinical and clinical trials and other associated activities. The criteria can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or the executive's long-term development. The board of directors shall have the possibility, under applicable law or contractual



provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

To which extent the criteria for awarding variable cash remuneration have been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation, subject to approval by the board of directors for those executives who report directly to the CEO. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

### **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 remuneration committee's and 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 has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. 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 remuneration committee 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 members of the remuneration committee are independent of the company and its executive management. 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. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.