

## **Report by the board of directors on the evaluation of programs for variable remuneration and the application of the annual general meeting's guidelines for remuneration for CEO and senior executives**

### **1. Background**

- 1.1 The board of directors of Ascelia Pharma AB, Reg. No. 556571-8797 (the “**Company**”), has established a Remuneration Committee, which initially after the annual general meeting in 2018 consisted of Bo Jesper Hansen (chairman), René Spogård and Hans Maier. However, Hans Maier resigned from the Remuneration Committee in connection with the Company entering into a consultancy agreement with BGM Associates GmbH, in which company Hans Maier is Managing Director and a major shareholder, leading to that Hans Maier was no longer considered as independent in relation to the Company and its senior management. Following Hans Maier's resignation, the Remuneration Committee has hence been comprised solely of Bo Jesper Hansen and René Spogård.
- 1.2 The Remuneration Committee shall prepare matters regarding remuneration and other terms of employment for the CEO and other senior executives. Since the annual general meeting held on 23 November 2018, the Remuneration Committee has held 2 formal meetings and has had regular contacts as necessary.
- 1.3 The Remuneration Committee has monitored and evaluated the Company's programs for variable remuneration, both ongoing and ended during the year, the application of the guidelines for remuneration to the CEO and senior executives adopted by the annual general meeting on 23 November 2018, as well as the present remuneration structures and levels in the Company.

### **2. Report**

- 2.1 In accordance with Rule 10.3 of the Swedish Corporate Governance Code, the board of directors hereby gives the following report on the results of the evaluation performed by the Remuneration Committee. The report covers the period during which the guidelines for remuneration to the CEO and other senior executives adopted by the general meeting have been in force.
- 2.2 The Remuneration Committee has found that the remuneration guidelines have enabled the Company to attract, motivate and retain competent employees. Furthermore, the guidelines have contributed to keep the remuneration for the CEO and senior executives competitive and well-balanced. The guidelines have been applied in a correct manner and without any deviations. The Remuneration Committee is of the opinion that the guidelines effectively have fulfilled their objectives and that the current remuneration structures and levels for the CEO and senior executives are reasonable, well-functioning and in accordance with market conditions. In light thereof, the Remuneration Committee has recommended

the board of directors to propose that the annual general meeting of 2019 resolves to adopt substantially unchanged remuneration guidelines.

- 2.3 The Company has two outstanding share-related incentive programs in the form of employee option programs. The Remuneration Committee is of the opinion that these programs have contributed to an increased alignment of interests between the participating employees and the shareholders, and also promoted a long-term commitment to the development of the Company. In light thereof, the Remuneration Committee has recommended the board of directors to propose that the annual general meeting of 2019 resolves to implement a new long-term incentive program based on a performance-based share saving program for employees in the Company.

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Malmö in October 2019

The Board of Directors of Ascelia Pharma AB (publ)