

**Ultimovacs**  
**Guidelines for**  
**Remuneration**

Approved in

**2022**

# GUIDELINES FOR REMUNERATION TO THE EXECUTIVE MANAGEMENT TEAM

## Background

These guidelines regarding remuneration to the executive management team in Ultimovacs ASA (the “Company”), which shall also apply to its subsidiary Ultimovacs AB, have been prepared by the board of directors (the “Board”) of Ultimovacs ASA in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16a and related regulations. The guidelines have been prepared for approval by the Company’s annual general meeting in 2022, and will apply until the Company’s annual general meeting in 2026, unless amended or replaced earlier.

These guidelines apply to remuneration to the executive management team of the Company. For the purposes of these guidelines, the executive management team includes the CEO and certain other executives who, from time to time, are members of the management and directly report to the CEO.

## Purpose and general remuneration principles

These guidelines constitute a framework for which remuneration to the executive management may be decided during the period for which the guidelines are in force. The Company is a pharmaceutical company developing novel immunotherapies against cancer. Consequently, the Company competes for senior management talent within the international pharmaceutical industry. These guidelines attempt to ensure the Company’s competitiveness as an employer within the industry.

The Company’s remuneration principles shall be designed to ensure responsible and sustainable remuneration decisions that support the Company’s business strategy, long-term interests, and sustainable business practices. To this end, salaries and other employment terms shall enable the Company to retain, develop and recruit skilled senior executives with relevant experience and competence. The remuneration shall be on market terms, competitive, and reflect the performance and responsibilities of individual senior executives.

In the preparation of these guidelines, the Board has evaluated the current level of remuneration and other benefits for the executive management team compared to general industry standards when evaluating whether the guidelines and limitations set out herein are reasonable.

## Fixed salary

The fixed salary (annual gross salary before tax and before calculation of variable salary and other additional benefits) should reflect the individual’s area of responsibility and be the main element of the managers’ regular compensation. The base management salary must be competitive in order to attract and retain the most attractive managers. The salary level should not be of a size that could harm the Company’s reputation, or significantly above the norm for employees with similar background and in similar positions in comparable companies. The salary level should, however, ensure that the Company can attract and retain executive employees with the desired expertise and experience. The fixed salary will be adjusted annually, and be in line with the inflation rate and/or the salary adjustment level in Ultimovacs’ relevant industrial sector in Norway and Sweden.

Any fringe benefits shall be in line with market practice and should not be substantial in relation to the basic salary.

## Salary to the CEO

The Board decides the salary and other compensation to the CEO within any legal boundaries set out in the annual statement on compensation to the CEO and executive management as approved by the Company’s General Meeting. Any fringe benefits shall be in line with market practice, and should not be substantial in relation to the CEO’s basic salary. The Board shall annually carry out an assessment of the salary and other remuneration to the CEO.

## Bonus

There is no bonus scheme in the Company, however, sign-on-fees and bonus may be applied at the Board’s discretion.

## Pension

CEO and Management in the Norwegian entity participate in a defined contribution pension plan with the same terms as all other employees in the Norwegian entity. The board will regularly review the plan with the aim to ensure that the pension plan level is competitive and in line with market practice.

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## Pension (Continued)

The annual pension accrual is currently 6% of the annual base salary from 0 G to 7 G and 10% from 7G to 12 G (G = the basic amount in the National Insurance scheme in Norway, as of 1 May 2021 G = NOK 106,399). Individual defined contribution pension agreements on market terms typically in the range of 20 – 25% of the annual salary applies to members of the Management team employed in Ultimovacs AB.

## Share Options

The executive management takes part in the general share option incentive scheme which applies to all employees in the Group. The number of share options currently distributed to the executive management is listed in the Remuneration report 2021. The main objectives of the share value-based incentive scheme are to align interests of shareholders and management/employees (value creation and risk taking) and ensure competitive compensation for management/employees and motivation to stay (retention).

The share option program was approved by the General Assembly on 2 May 2019 and the Board was authorized to increase the Group's share capital in connection with share incentive arrangement by up to 10% at the ordinary General Assembly held on 15 April 2021. The Board expect to propose that future annual General Meetings pass the resolution that the Board of Directors is authorised to increase the share capital by up to 10% of the current share capital in relation to the share option program.

The share option program includes all permanent employees in the Company. Vesting requires the option holder still to be an employee in the Company. Key parameters in the option program currently include the following:

- an exercise price set as the volume weighted average of observed market price of the Company's shares the last 5 days prior to the issue of the options,
- 5 years duration of the options and
- a vesting schedule of 25%/25%/50% after 1/2/3 years applies generally, but a vesting schedule of 33%/33%/33% after 1/2/3 years applies specifically for options granted to Carlos de Sousa (CEO) in 2020.

Separate arrangements may be made with individual employees.

In order to be able to better align the option program with expected strategic milestones and developments, the Board proposes that the General Meeting to be held on 21 April 2022 approves that the duration of all options, both previously granted and new options, may be extended from 5 years to up to 7 years at the discretion of the Board.

The Board of Directors will review the option scheme annually and allocate share options within the framework approved by the General Assembly at any given point in time.

## Other benefits

The CEO and some individuals in the management team get car allowance or coverage of costs for leasing of cars in private use. Carlos de Sousa, CEO, has an agreement whereby the Company will cover the lease for an apartment in Oslo up to a certain monthly amount.

Benefits to the management team may include certain other items such as group life insurance, health care insurance, travel insurance, etc. on customary terms.

The management team does not have any other separate fringe benefits of any significance.

## Severance pay/pay after termination of employment

Under certain conditions, the CEO is entitled to 12 months' severance pay. The severance pay period will be extended to 18 months if the termination of the CEO takes place in connection with a change of control event in the Company.

The Company's CFO is entitled to receive pay after termination of his employment with the Company equal to 9 months' base salary in addition to payment of his salary during his 3-month notice period.

There are no similar arrangements for any of the other employees of the Company with respect to termination of their employment.

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## **Remuneration of the Board of Directors**

The General Meeting shall annually determine the Board's remuneration. The nomination committee shall present proposals to the General Meeting for remuneration of the Board and any sub-committees of the Board. Remuneration of Board Members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the enterprise. The Board shall be informed if individual Board Members perform other tasks for the Company than exercising their role as Board Members. Work in sub-committees may be compensated in addition to the remuneration received for Board membership.

## **Preparation and review of these guidelines**

These guidelines have been prepared by the Board. When the need arises for significant changes in the guidelines, but at least every fourth year, the Board shall prepare a proposal for guidelines for resolution by the annual general meeting. The annual general meeting shall decide on such proposals. Resolved guidelines may also be amended by way of resolution by general meetings other than annual general meetings.

## **Derogations from these guidelines**

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

## Ultimovacs ASA

Ullernchausséen 64  
0379 Oslo  
Norway

E-mail: [ir@ultimovacs.com](mailto:ir@ultimovacs.com)

Telephone: + 47 413 80 080

## Ultimovacs AB

Dag Hammarskjölds Väg 30  
752 37 Uppsala  
Sweden

[www.ultimovacs.com](http://www.ultimovacs.com)



*Our mission is to extend and improve the life of patients by directing the immune system against the core of cancer.*

*We will provide universally accessible solutions.*