

## **BerGenBio ASA Remuneration Policy for the Board of Directors and the Executive Management Team**

### **Introduction**

The overall aim of this policy is to provide a framework for remuneration at BerGenBio, as well as specific guidelines for incentive pay, based on an understandable and comprehensive overview of the remuneration provided by BerGenBio. The remuneration policy (the “policy”) is applicable to the Board of Directors and the Executive Management Team and subject to approval by the shareholders at the Annual General Meeting. The Executive Management Team refers to the executives registered as managers of the Company with the Norwegian Business Authority as executive officers of BerGenBio.

The policy for BerGenBio is prepared in accordance with section 6-16a of the Norwegian Public Limited Companies Act and to align with the amended EU Shareholder Rights Directive.

### *Objectives*

The overall objectives of the remuneration policy are to:

- Support the purpose and sustainability of the Company
- Align the remuneration components with the interests of shareholders and other stakeholders relevant to the above
- Support delivery of BerGenBio’s strategic priorities
- Attract, motivate, and retain members of the Board of Directors and the Executive Management Team of the appropriate caliber given the size and complexity of the business; and
- Reward members of the Executive Management Team in line with corporate and individual performance

### *Determination*

The Board of Directors is responsible for (i) designing the Executive Management Team remuneration policy and proposing the policy for adoption at the Annual General Meeting; and (ii) implementing and evaluating the adopted policy, including determining the remuneration and other terms and conditions of appointment of the Executive Management Team.

The Remuneration Committee is responsible for submitting a clear and understandable proposal to the Board of Directors on the remuneration policy for members of the Executive Management Team.

### *Conflicts of interest*

BerGenBio has a two-tier board structure consisting of the Board of Directors and the Executive Management Team. The Board of Directors acts independently of the Executive Management Team and has a Remuneration Committee that consists solely of shareholder elected members of the Board of Directors, so no conflicts of interest should arise. No members of the Executive Management Team are present at Remuneration Committee meetings when their own remuneration is discussed.

### *Effective date, periodic review and implementation*

This policy will take effect from the date of approval at the 2021 Annual General Meeting.

The Remuneration Committee is responsible for annually reviewing the remuneration policy and making recommendations to the Board of Directors on any proposed changes.

The Remuneration Committee's responsibilities include the preparation of proposals to the Board of Directors regarding individual Executive Management Team members' remuneration.

### **Peer Group**

A key component of the policy review is to establish an appropriate peer group of companies in order to verify the market competitiveness of the remuneration package and assess market practice for bonus and equity incentive programs.

The selection of the peer companies is based on industry sector, commercial status, products, number of employees, revenue and, where applicable, market capitalisation. This has led to the selection of a comparator Peer Group, which, reflecting the structure of BerGenBio, covers both Nordic and UK companies.

After review, the BerGenBio Comparator Peer Group for 2020 consists of 19 companies from the Nordic countries (13) and the UK (6) with number of employees, revenue, R&D expense, and market capitalisation spanning from well below to well above the relevant metrics for BerGenBio. The Peer Group is used for a benchmarking of the executive management team to assess the market positioning of the remuneration packages. The Remuneration Committee will keep the composition of the Peer Group under review, at least, on an annual basis.

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

#### *Process*

The Nomination Committee, as defined in the Corporate Governance section of BerGenBio's website, reviews board fees at least annually. Fees are evaluated relative to Nordic and UK companies of comparable size and complexity to BerGenBio.

The Nomination Committee prepares recommendations for remuneration of the Board of Directors. The recommendations are put before shareholders for approval before they come into effect. The Board of Directors' remuneration is approved by the shareholders as a separate item on the agenda at the Annual General Meeting.

#### *Fee levels*

The Chairman and each member of the Board of Directors receives a fixed annual fee. In addition, the Chairman and member of board committees may receive a supplemental annual fee per committee engagement.

Individual board members may be required to take on specific ad hoc tasks outside their normal duties assigned by the Board of Directors. In each such case, the Board of Directors shall determine a fixed fee (e.g. per diem) for the work carried out related to those tasks. The fixed fee will be disclosed in the annual remuneration report. As relevant, Board members not domiciled in Norway are also entitled to compensation for travelling time to and from Board meetings.

#### *Benefits*

Additional fees or benefits may be provided to reflect, for example, accommodation, office, transport and other business-related expenses incurred while carrying out their role.

#### *Incentive plans*

Board members are not eligible to participate in any incentive arrangements operated by BerGenBio.

### **Remuneration of the Executive Management Team**

The Remuneration Committee of the Company reviews the approach to remuneration based on the following principles:

**Market competitive:** BerGenBio offers market-competitive remuneration opportunities to attract, retain, and motivate the talent needed to achieve BerGenBio's vision, business strategy and other company objectives. BerGenBio shall balance the need to provide competitive levels of reward against a desire to be cost effective when determining reasonable and responsible reward outcomes.

**Pay for performance:** A proportion of the remuneration package, the short-term incentive program, is performance based to link remuneration outcomes with the achievement of key financial and non-financial targets that are aligned with our strategy. Each element of remuneration is weighted to ensure continuous and further positive development of the Company.

**Transparency:** Remuneration programmes are designed and communicated in a manner that reinforces the linkage between business objectives, vision and culture.

**Business alignment and consistency:** Remuneration decisions are made to ensure local practices are aligned and consistent with BerGenBio's principles and policies. The remuneration practices will remain flexible enough to evolve as BerGenBio's business priorities change.

**Shareholder and strategic alignment:** The remuneration programmes will align the interests of all employees in driving value creation for shareholders. Our strategy is about enhancing BerGenBio's focus on developing novel medicines for aggressive diseases. To sustain BerGenBio's position as a world leader in this field, BerGenBio's strategy hinges upon actionable strategic priorities. Each of these strategic priorities consists of several themes where the Company has defined specific financial and non-financial goals and related actions to execute over time.

#### *Process*

Remuneration for the CEO is proposed by the Remuneration Committee and subsequently approved by the Board of Directors annually in line with the policy. Remuneration for other members of the Executive Management Team is proposed by the CEO to the Remuneration Committee for their approval in line with the policy.

*Policy for Executive Management Team*

<b>Element</b>	<b>Purpose and link to strategy</b>	<b>Operation</b>	<b>Opportunity</b>	<b>Performance measures</b>
Base salary	To provide fixed remuneration allowing BerGenBio to attract, engage and retain talent needed to drive long-term value creation.	Set annually, considering a range of factors including: (i) the individual's skills, performance, and experience; (ii) increases for the broader workforce; (iii) external market data amongst peers in the Nordic region and UK; (iv) the size and responsibilities of the role as well as (v) the geographical location of the role, internal relativity, and external economic environment.	No maximum salary levels. Salary increases are set considering the factors set out on the left.	N/A
Pension	Encourages planning for retirement and long-term saving	BerGenBio ASA has a defined contribution pension plan according to the mandatory requirements in the Norwegian Law. BerGenBio Limited has a defined contribution pension plan according to the requirements in the UK.	Company paid pension contributions are set considering the wider workforce rate and market practice in the country in which the executive resides.	N/A
Benefits	Provide market competitive and cost-effective benefits	Benefits may include, but are not limited to healthcare, life and accident insurance on customary terms. Specific benefit provision may be subject to minor change from time to time. Additional benefits may be provided on recruitment or to support relocation.	Company paid benefits are set considering the wider workforce rate and market practice in the country in which the executive resides.	N/A

Element	Purpose and link to strategy	Operation	Opportunity	Performance measures
<p>Short-term incentive (STI) plan – annual bonus</p>	<p>To incentivise delivery of BerGenBio's short-term objectives and ensure a clear link with value creation.</p>	<p>Performance measures and targets are normally set annually by the Board of Directors.</p> <p>The Board sets the individual objectives of the CEO and the overall objectives for the executive team. The Committee, in discussion with the CEO, reviews the level of performance achieved and the amount of STI earned by the members of the executive management team.</p> <p>The Board of Directors determines pay-outs based on performance against the targets and to ensure that the outcome is fair in the context of overall performance of BerGenBio and the individual.</p> <p>Awards are normally paid out in cash.</p>	<p>The target award for CEO is 50% with a maximum award in any financial year up to 75% of base salary.</p> <p>For other executives the target award is 30% - 35% with a maximum award in any financial year up to 45%.</p>	<p>The specific measures, targets and weightings may vary from year to year in order to align with BerGenBio's strategy for each year. Details of measures in any given year will be outlined in the appropriate annual remuneration report.</p> <p>The scheme may be linked to individual performance measures, which focus on the achievement of key performance indicators for the business area relevant for individual executives, as well as overall objectives common for all members of the executive team.</p>

Element	Purpose and link to strategy	Operation	Opportunity	Performance measures
<p>Long-term incentives (Share Options)</p>	<p>To incentivise and reward long-term value creation and align with shareholders' interest.</p>	<p>Award of share options is not dependent on achieving specific targets; however, their values are linked to BerGenBio's share price and its development. The duration of the share options is up to eight years.</p> <p>Share options normally vest 1/3 per annum.</p>	<p>The maximum award in respect of a financial year is 100% of annual base salary for the CEO and 50% for all other executives calculated according to the Black-Scholes model. Options are awarded at an exercise price identical to the fair value of the shares at the time of the initial grant, which is to be determined when the initial grant is made. In addition, the Participant shall pay to the Company an amount that covers any payroll tax payable as a result of exercising the options.</p> <p>Individual share option awards are determined by considering the overall performance, potential, competitiveness of the employment terms, position responsibility, need for retention, and the overall long-term organisation need.</p>	<p>Exercise is not subject to performance measures, but the value of the options will be measured based on development in share price.</p> <p>Vested share options can be exercised partly or fully at four specified points per year. In addition, the Board may allow exercise at other suitable times during the year.</p>

**Reclaiming variable pay**

In the event of misconduct, or if an annual bonus or long-term incentive award is made on the basis of accounts that prove to be materially misstated, the Company may reclaim, in full or in part, any annual bonus pending or already paid, or cancel or withdraw unvested and/or vested long-term incentive awards made to Executive Management Team.

**Recruitment approach**

In determining the remuneration arrangements for new appointments, the Board of Directors will:

- Consider all relevant factors including the caliber of the individual and market practice.
- Ensure, where possible, remuneration arrangements for new recruits are aligned with the remuneration policy table set out above.
- Continue to honor pre-existing arrangements for internal promotes.

The Board of Directors is authorised, in individual cases, to operate extraordinary bonus or other extraordinary incentive remuneration in respect of recruitment to the Executive Management Team. The value of such extraordinary incentive remuneration may not exceed an amount equal to 100 % of the individual's base salary for the full calendar year. This amount is exclusive of any remuneration the Board deems appropriate in order to compensate an individual for loss of incentive remuneration from a former employer.

To facilitate recruitment the Board of Directors may make an award to buy out remuneration terms forfeited on leaving a previous employer.

**Employment contracts***Notice periods*

BerGenBio does not apply a standard notice policy. The normal notice period for the Executive Management Team is 3 months by the executive or the Company. The current CEO has for historical reasons, a notice period of 6 months by the CEO and 12 months by the Company.

*Severance payments for executives*

Severance payments for executives will normally be made up of salary, benefits, pension contributions and bonus (subject to the leaver provisions below) and would reflect the notice period of the contract.

The Board of Directors reserves the right to make any other payments in connection with a member of the Executive Management Team stepping down/ceasing employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the individual stepping down/ceasing employment. Any termination payments, including payment during the notice period, may not exceed a total value of the equivalent to 12 months' remuneration. This maximum severance amount includes all components of remuneration, both fixed and variable elements.

If the CEO's contract is terminated within 18 months of a change of control (or change of ownership), the CEO will be compensated with 18 months' salary, bonus and benefits.

*Treatment of outstanding incentive awards*

<b>Plan</b>	<b>Treatment of leavers</b>
Annual bonus	Treatment of leavers will depend on applicable local law restrictions, if any, and agreed provisions under individual agreements. As a starting point, bonus will only be awarded on a prorated basis for the duration of a financial year in which the Executive Management Team member is active in office, contributing to the value creating of the Company. Further, if the Executive Management Team member's employment with the Company is terminated by the Company due to the Executive Management Team member's material breach of duties, the annual bonus shall be deemed null and void.
Long-term incentive (Share Options)	In the case of termination of employment, the Executive Management Team member will not vest further share options beyond the day of notice of termination given by the executive. The terminated employee can, as a rule, exercise vested share options for maximum six months post termination. All deviations must be decided by the Board of Directors.
Change of control	In the event of a change of control, unvested options under the long-term incentive will vest and be released to the extent determined by the Committee. The Committee may at its own discretion take into account, the proportion of the vesting period that has elapsed. Alternatively, if an offer to exchange options is made, unvested options may be exchanged for equivalent (in as far as possible) options over shares of the new controlling company.

**Variations to the policy**

The Board of Directors may make minor amendments to the remuneration policy set out above for regulatory, foreign exchange control, tax or administrative purposes or to take account of a change in legislation without obtaining shareholder approval for that amendment.

The Board of Directors may decide that specific terms shall apply for accelerated vesting or exercise as well as for adjustment of the incentive programs in the case of corporate activity (e.g. a takeover in whole or in part, significant divestiture of activities, demerger, merger or other amalgamation of the Company). The Board of Directors may also adjust the long-term incentive program(s) to allow for any changes to the Company's capital structure or in the event of other material events.

The Board of Directors also retains the discretion within the policy to adjust targets and/or set different measures and weightings if events happen that cause it to determine that the original targets or conditions are no longer appropriate, and that amendment is required so that the targets or conditions achieve their original purpose. Revised targets/measures will be, in the opinion of the Board of Directors, no less difficult to satisfy than the original conditions.

The Board of Directors may, in exceptional circumstances, and within the statutory limits, decide to temporarily derogate from the remuneration policy until a new remuneration policy is approved by the General Meeting. Exceptional circumstances shall cover only situations in which the derogation from the remuneration policy is deemed critical to serve the interests and sustainability of BerGenBio as a whole or to assure its viability. In the event of a derogation, the Board of Directors will present the derogation and proposed new policy to the General Meeting as soon as reasonably possible where it will be subject to a binding approval vote.

In situations where a derogation took place in accordance with the guidelines provided in this remuneration policy, the remuneration offered will be disclosed to the shareholders no later than at the next Annual General Meeting.

## **How employee pay and conditions were considered when setting the policy**

When making decisions about executive remuneration and setting the contents of the remuneration policy, the Board of Directors and the Remuneration Committee also consider the remuneration arrangements in place for BerGenBio's wider workforce.

The remuneration structure for next level senior executives follows the same structure as the Executive Management Team and reflects the individual's role, skills, and experience.

For all levels below senior executive level, employees are entitled to base salary and benefits, and may also receive a bonus, pension and other allowances which vary according to the local collective agreement, employment law and market practice. The BerGenBio option awards may be granted to members of the Executive Management Team, other employees of BerGenBio and in exceptional cases also to consultants providing services to BerGenBio.

The Remuneration Committee undertakes a review of the global workforce remuneration data annually.

Compensation for employees follows the same principles and performance measures applied to executives. BerGenBio offers local market-based compensation and career opportunities to attract the best talent; BerGenBio believes in recognising strong individual performance, and the Company will differentiate rewards accordingly. When determining compensation, managers consider how the employee's pay compares to local market levels alongside other factors such as the individual's experience and sustained performance.

In addition, the Executive Management Team annually reviews compensation for BerGenBio's wider workforce, and every second year undertakes benchmarking exercises.

Being a great place to work is of course significant for BerGenBio. Pay is just one factor helping us attract, retain and develop a talented and diverse workforce. To support this, BerGenBio continuously works with the many non-financial elements of being an attractive place to work. This includes ongoing people development processes and a good work environment for the entire workforce.

## **Approval and publication**

This remuneration policy has been approved by the Board of Directors on 23 February 2021 and approved at the Annual General Meeting of the Company on 19 March 2021.

This remuneration policy is posted on BerGenBio's website.

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