

The board of directors' of Cantargia AB (publ) proposal regarding guidelines for executive remuneration

The board proposes that the annual general meeting resolves on the following remuneration guidelines for the senior executives of Cantargia. 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 or equity-related incentive programs decided or approved separately by the general meeting.

These guidelines essentially correspond to the guidelines that were adopted by the annual general meeting 2019 but are prepared in further detail due to new legal requirements.

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

Cantargia's business model and scientific strategy are based on partnerships and Cantargia has concluded agreements with a number of different companies, hospitals and academic centres. Currently, more than 30 different actors, international as well as national, are engaged in research and development related to Cantargia's CAN04 and CAN10 antibodies. The strategy is based on driving the development of product candidates until an indication of clinical activity has been obtained. For more information regarding the company's business strategy, please see www.cantargia.com.

A prerequisite for the successful implementation of the business strategy and safeguarding of Cantargia's long-term interests, including its sustainability, is that Cantargia is able to recruit and retain qualified personnel who are working to achieve the maximum level of shareholder and customer value. To this end, it is necessary that Cantargia offers competitive remuneration. These guidelines enable Cantargia to offer the senior executives a competitive total remuneration.

Long-term incentive plans have been implemented in the company. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. The incentive scheme and employee option program proposed by the board of directors and submitted to the annual general meeting 2020 for approval is excluded for the same reason.

Types of remuneration, etc.

The remuneration to the executive management shall be on market terms and may consist of the following components: base cash salary, variable cash remuneration, pension benefits and other benefits. The total remuneration to the executive shall comprise a balanced mix of the above-mentioned components. The board of directors shall annually evaluate whether long-term incentive programs shall be proposed to the general meeting.

The base cash salary shall be individual and relate to the relevant person's responsibilities, role, competence and position.

The variable cash remuneration may for the CEO amount to not more than 30 per cent of the total fixed annual cash salary. For other senior executives the variable cash remuneration may amount to not more than 20 per cent of the total fixed annual cash salary. Variable cash remuneration may qualify for pension benefits if mandatory under applicable collective agreement provisions.

Pension benefits shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 35 per cent of the fixed annual cash salary. Notwithstanding the above, the board of directors is entitled to offer other solutions than the above-mentioned ones, that are equivalent for the company in terms of costs.

Other benefits may include, for example, health care insurances and health services. Such benefits shall be of limited value in relation to other compensation and shall correspond to customary market terms in each geographic market. Other benefits may amount to not more than 10 per cent of the annual base 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

The notice period in case of termination by Cantargia may not exceed six months. The notice period in case of termination by the employee shall be at least six months for the CEO and at least three months for other senior executives.

For the CEO, severance pay of up to twelve months' base salary and employment benefits may be paid, in addition to base salary during the notice period. For other executives, base salary during the notice period and severance pay may together not exceed an amount equivalent to the executive's base salary for twelve months.

Criteria for awarding variable cash remuneration, etc.

Variable cash remuneration shall be linked to predetermined and measurable criteria, which can be financial or non-financial, designed to contribute to the company's long-term value creation. The criteria shall relate to the development of Cantargia's projects and the partnerships the company enters into for acceleration of the clinical development and future commercialization, as well as the remuneration (such as upfront fees when the agreement is entered into, milestone payments or royalties) resulting from this development. Furthermore, the criteria shall be designed so as to contribute to Cantargia's business strategy and long-term interests, including its sustainability.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. To which extent the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. The remuneration committee is responsible for the evaluation concerning the variable remuneration to the executive management. 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 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 Cantargia's long-term interests, including its sustainability, or to ensure Cantargia'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.

Further information

Further information on the executive remuneration is available in Cantargia's annual report.