

Introduction

This report describes the guidelines for remuneration to members of senior management of Oncopeptides AB, as adopted by the 2020 AGM and implemented in 2020. The report also includes information on the remuneration to the CEO as well as a summary of the company's share-based and share price-related incentive programs outstanding. The report was prepared in accordance with the Swedish Companies Act and the rules on remuneration issued by the Swedish Corporate Governance Board.

More information on remuneration to members of senior management is available in Note 10 Employees and personnel costs on pages 67-70 of the 2020 Annual Report. Information on the work of the Remuneration Committee in 2020 can be found in the Corporate governance report, which is on pages 53-55 in the 2020 Annual Report.

Remuneration to the Board of Directors is not encompassed by this report. Such remuneration is resolved by the AGM and published in Note 10 on page 68 in the 2020 Annual Report.

Performance in 2020

The CEO provides a summary of the company's overall performance on page 10 of the 2020 Annual Report.

The company's remuneration guidelines: applicable areas, objectives and deviations

Oncopeptides is a global biotech company focused on the development of targeted therapies for difficult-to-treat hematological diseases. The U.S. Food and Drug Administration, FDA, recently granted PEPAXTO (melphalan flufenamide, also known as melflufen) accelerated approval for the treatment of relapsed or refractory multiple myeloma. Oncopeptides conducts operations from the head office in Stockholm, Sweden and its offices in Boston, Massachusetts and Mountain View, California, USA.

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. 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. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related

or share price-related remuneration. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may 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 promote the executive's long-term development.

These guidelines enable the company to offer the members of senior 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.

Long-term share-based incentive programs have been implemented in the company. Such programs have been resolved by the general meeting and are therefore excluded from these guidelines. The programs include senior management, Board members, founders and other personnel, and are reported under Note 27, Share-based remuneration on pages 76-80 of the 2020 Annual Report. For more information about these programs, including the criteria determining outcomes, refer to <https://oncopeptides.se/en/remuneration/>

The guidelines are reported on pages 67-70 in the 2020 Annual Report. In 2020, Oncopeptides deviated from the guidelines in the recruitment of a new CEO, whose variable remuneration amounted to more than the level of 50 percent as decided by the general meeting. The decision to deviate from the guidelines was made to attract

suitable candidates in an international environment on market terms and was capped at 200 percent.

No claim for repayment of remuneration has been made. In addition to the remuneration encompassed by these guidelines, the company's AGMs pass resolutions on the implementation of long-term share-based incentive programs.

For information about the guidelines applicable until the 2021 AGM, refer to the Corporate governance report on pages 48-54 of the 2020 Annual Report.

Share-based remuneration

Share-based incentive programs outstanding

The objective of share-based incentive programs is to promote the company's long-term interests by motivating and rewarding the company's senior management, founders and other personnel. Oncopeptides currently has nine active programs encompassing management, certain Board members, founders and employees.

"Employee Option Program 2016/2023" was introduced in 2016. "Co-worker LTIP 2017" was introduced in 2017. At the 2018 AGM, two incentive programs were introduced: "Co-worker LTIP 2018" and "Board LTIP 2018". At an EGM in December 2018, "Board LTIP 2018.2" was introduced, and at the 2019 AGM, it was resolved that two new incentive programs were to be introduced: "Co-worker LTIP 2019" and "Board LTIP 2019". At the 2020 AGM, a resolution was passed to introduce the program "Board LTIP 2020", and at the EGM in December 2020 AGM, it was resolved to introduce the program "US Co-worker LTIP 2020".

The options are allotted free of charge and have a three-year vesting period calculated from the allotment date, provided that, with

Total remuneration to the CEO, 2020 (SEK thousand)¹

2020	Basic salary	Invoiced fees	Variable remuneration	Pension expense ²	Share-based remuneration ³	Total
CEO, Marty J Duvall (from July 2020)	2,329	–	1,127	–	–	3,456
CEO, Jakob Lindberg (until June 2020)	1,918	–	647	226	49,375	52,166
Total	4,247	–	1,774	226	49,375	55,622

¹ With the exception of Multi-year variable remuneration, the table presents remuneration that accrues for 2020. Multi-year variable remuneration is presented to the extent it vested in 2020 pursuant to that stated in the following table presenting the CEO's Option programs. This applies irrespective of whether payment has, or has not, been made in the same year.

² Pension expenses, which are defined-contribution and pertain entirely to basic salary, have been fully recognized as fixed remuneration.

³ Vested share awards as presented below in the CEO's Option programs. The remuneration is disclosed at market value according to the stock exchange's closing price as of December 30, 2020.

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customary exceptions, the participants remain as employees of, or continue to provide services to, Oncopeptides.

The share awards will be allotted free of charge to participants in the program. The share awards are vested over approximately three years and are also subject to performance-based vesting, based on the performance of Oncopeptides' share price during the period from the allotment date up to and including the final vesting date. For further information about these programs, refer to Note 27 in the 2020 Annual Report.

The full utilization of granted options and share awards as of December 31, 2020, corresponding to 3,406,054 shares, would result in a dilution for shareholders of 4.8 percent. The full utilization of all resolved options corresponding to a total of 5,365,429 shares (including unallotted employee options and performance shares as well as warrants intended for hedging of social security contributions) would result in a dilution for shareholders of 7.3 percent.

Application of performance criteria for variable remuneration

The performance criteria for variable remuneration to the CEO were chosen to help realize the company's strategy and to encourage ownership aligned with the company's long-term interests. The strategic goals together with the short- and long-term business priorities for 2020 were considered when selecting the performance criteria. Moreover, the non-financial performance criteria contribute to sustainability adaptation and to the company's values.

CEO option programs

CEO	Program title	Subtitle	Vesting date	Allotment date	End of subscription period	Final vesting date	Exercise period	Exercise price	Information for the reported fiscal year				
									Options Jan 1, 2020	Allotted 2020	Exercised 2020	Options Dec 31, 2020	Vested %
Jakob Lindberg	Employee Option Programs	2016/2023:2	2016–2020	Nov 22, 2016	Jun 30, 2020	Jun 30, 2020	Jun 30, 2020–Nov 31, 2023	0.11	175	–	–	21	100.00%
Jakob Lindberg	Co-worker LTIP	2017:1	2017–2020	May 18, 2017	May 18, 2020	May 18, 2020	May 18, 2020–May 18, 2024	44.48	181,000	–	–	181,000	100.00%
Jakob Lindberg	Co-worker LTIP	2017:3	2018–2021	Feb 21, 2018	Feb 21, 2021	Feb 21, 2021	Feb 21, 2025–Feb 21, 2025	79.77	23,190	–	–	23,190	95.26%
Jakob Lindberg	Co-worker LTIP	2018:2	2019–2022	May 3, 2019	May 3, 2022	May 3, 2022	May 3, 2022–May 3, 2026	126.09	45,860	–	–	45,860	55.52%
Jakob Lindberg	Co-worker LTIP	2019:3	2020–2023	Jan 2, 2020	Jan 2, 2023	Jan 2, 2023	Jan 2, 2023–Jan 2, 2027	128.68	–	65,373	–	65,373	33.27%
Marty J Duvall	Co-worker LTIP	2019:6	2020–2023	Jul 8, 2020	Jul 8, 2023	Jul 8, 2023	Jul 8, 2023–Jul 8, 2027	131.93	–	243,212	–	243,212	16.15%
Total									250,225	308,585	–	558,656	

1) the total market value of the underlying shares at the allotment date was SEK 56,463 thousand. The total exercise price was SEK 56,182 thousand.

CEO's performance during the reported fiscal year: variable cash remuneration

Description of criteria pertaining to variable remuneration

Goals linked to launch

- Apply for "accelerated approval" with the FDA
- Continued build-up of a launch-ready organization
- Establish external awareness of melflufen as a new treatment class

Goals linked to strategy

- Raise external capital and broaden the shareholder base
- Recruit patients pursuant to the set goals
- Continue to build a global organization while retaining the company's fundamental values

a) Recorded performance and b) actual remuneration

a) 95.2%
b) SEK 1,774 thousand

Comparative information pertaining to changes in remuneration and the company's performance

Changes in remuneration and the company's performance over the last five reported fiscal years (SEK thousand)

	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	Income statement 2020
Total remuneration to the CEO	+285 (+15%)	+2,332 (+106%)	+461 (+10%)	+1,007 (+22%)	+5,232 (+70%)	10,999
Consolidated operating result	-53,350	-114,482	-306,731	-410,963	-739,392	-1,591,279
Average remuneration based on the number of FTEs employed ¹ in the company	0 (0%)	+145 (+3%)	-34 (0%)	+357 (+3%)	+136 (0%)	220,973

¹) Excluding members of Group management.