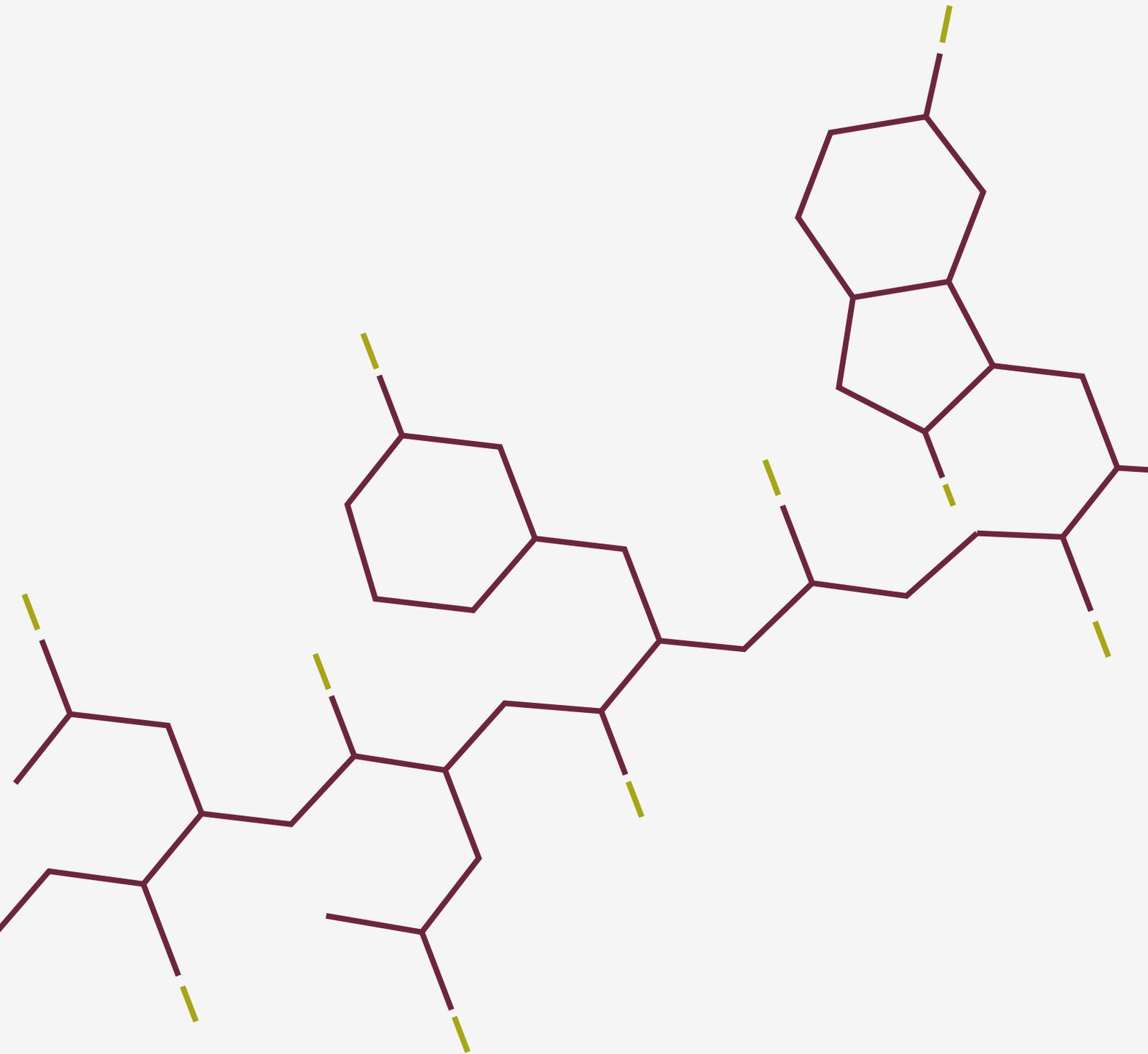


# 22

ANNUAL REPORT

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# Remuneration Report

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## Letter from the Chairman of the Remuneration and Nomination Committee



**Philippe Weber**  
Chairman of the Remuneration and Nomination Committee

Dear Shareholders,

On behalf of the Board of Directors and the Remuneration and Nomination Committee, I am pleased to present PolyPeptide's Remuneration Report for 2022. The Remuneration Report explains our remuneration policies, principles and elements, as well as the key activities of the Remuneration and Nomination Committee during the year and how PolyPeptide's performance results for 2022 impacted the variable incentive remuneration to the Executive Committee.

The current term of the Remuneration and Nomination Committee began following the annual general meeting held on 26 April 2022, where shareholders voted on the maximum aggregate remuneration amounts for the Board of Directors and the Executive Committee, with approval rates of 97.35% and 96.37%, respectively. In addition, shareholders approved the Remuneration Report 2021 in a consultative vote, achieving an approval rate of 96.63%. We thank PolyPeptide's shareholders for their feedback and welcome their clear mandate. Our goal remains to ensure that PolyPeptide's remuneration provides optimal incentives for successful leadership and is closely aligned with the interests of our shareholders.

The Remuneration and Nomination Committee remained active during the course of 2022 as we continued to develop a remuneration structure and governance framework that is simple, clear and transparent. One key activity in furtherance of this was a comprehensive benchmark review of the compensation of the Board of Directors and the Executive Committee, described in greater detail herein. One key observation following the benchmark review of the Executive Committee compensation was that all peers included a long-term incentive component alongside short-term incentive remuneration. The Remuneration and Nomination Committee considered the expansion of the LTIP to the full Executive Committee. However, in light of PolyPeptide's weak financial and operational performance, the Remuneration and Nomination Committee ultimately recommended to the Board of Directors not to grant any long-term incentive awards for the financial year 2022. The Remuneration and Nomination Committee plans to revisit this topic during the course of 2023.

## Remuneration Report

Focusing on one of PolyPeptide's most important assets (*i.e.*, its people), the Remuneration and Nomination Committee together with the Group's Chief Human Resources Officer also looked more closely at PolyPeptide's approach to human capital management. The Remuneration and Nomination Committee supported the Board of Directors during the recent changes to the Executive Committee and remains focused on succession planning at PolyPeptide. As announced on 30 January 2023, Raymond De Vré resigned as CEO. PolyPeptide is currently conducting a CEO search, and we are committed to identifying a candidate who has the leadership skills and relevant experience to drive our growth and expansion plans. We have established a comprehensive search process.

Furthermore, in an increasingly competitive labor market, the Group relies on a qualified and engaged workforce to closely collaborate with customers on new solutions and to ensure high performance and quality. In the second half of 2022, PolyPeptide was impacted by technical and manufacturing process issues, highlighting the need for us to take measures to address these challenges. These measures include the strengthening of our workforce capabilities and the provision of improved training. This is underpinned by new leadership, including the appointment of a new Director Global Operations in December 2022. Attracting and retaining the right talent, along with the appropriate human capital development, is essential for PolyPeptide to grow its business. The Remuneration and Nomination Committee intends to further strengthen the attractiveness of PolyPeptide as an employer of choice.

Looking ahead, we will continue to proactively assess and review our remuneration programs to ensure that they are fulfilling their purpose in the evolving world in which we operate, remaining competitive to retain and attract the best talent and rewarding individual performance, competence and desired behaviors in line with PolyPeptide's values and leadership principles. We also appreciate the importance of ESG topics to all of our stakeholders and as PolyPeptide develops its sustainability targets further, the Remuneration and Nomination Committee is committed to strengthening the link between sustainability objectives and the remuneration of PolyPeptide's management towards the achievement of such targets. As an initial step, "green chemistry" was added as a performance measure to the 2022 Global Balanced Scorecard to advance PolyPeptide's sustainability objectives.

We encourage candid dialogue with our shareholders as we continue to evolve and improve PolyPeptide's remuneration structure. At the general meeting in April 2023, you will have the opportunity to express your opinion on our remuneration policies, principles and elements through a consultative vote on this Remuneration Report. We will also ask for your approval of the aggregate compensation amount to be awarded (i) to the Board of Directors for the period until the next general meeting in 2024 and (ii) to the Executive Committee for the financial year 2024. We respectfully request your endorsement of these agenda items at the general meeting in April 2023.

I would like to thank you for your ongoing support and trust that you will find PolyPeptide's Remuneration Report interesting and informative.

Sincerely,

**Philippe Weber**

Chairman of the Remuneration and Nomination Committee

## Remuneration Report 2022

This Remuneration Report describes PolyPeptide’s remuneration governance and principles, structure and elements. We have prepared this report in compliance with the requirements of the Swiss Ordinance against Excessive Compensation with respect to Listed Stock Corporations (“OaEC”)<sup>1</sup>, PolyPeptide Group’s Articles of Association as well as the SIX Swiss Exchange Directive on Information relating to Corporate Governance (“DCG”) and the principles of the Swiss Code of Best Practice for Corporate Governance issued by *economiesuisse*.<sup>2</sup>

All information within this Remuneration Report 2022 refers to the Company’s organization, Articles of Association<sup>3</sup> and Organizational Regulations<sup>4</sup> that were in effect as of 31 December 2022 (unless otherwise stated).<sup>5</sup>

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<sup>1</sup> As part of the reform of Swiss corporate law, the provisions on compensation from the OaEC were incorporated into the Swiss Code of Obligations (“CO”) with effect as of 1 January 2023, and the OaEC was repealed as of the same date. For the year ended 31 December 2022, the OaEC remained in force.

<sup>2</sup> In its version as approved by the board of *economiesuisse* on 28 August 2014.

<sup>3</sup> PolyPeptide Group AG’s Articles of Association are available at <https://www.polypeptide.com/investors/results-center/>.

<sup>4</sup> PolyPeptide Group AG’s Organizational Regulations are available at <https://www.polypeptide.com/investors/results-center/>.

<sup>5</sup> In line with the new regulations arising from the reform of Swiss corporate law, PolyPeptide Group AG (the “Company”) will propose conforming amendments to its Articles of Association at the upcoming AGM 2023, such amendments to be set out in the invitation and agenda. Thereafter, the Board of Directors plans to amend relevant other regulations of the Company, in particular the Company’s Organizational Regulations. For certain remuneration related regulations, we have included explanatory footnotes herein.

# 1 Remuneration governance

## 1.1 Articles of Association

Our [Articles of Association](#)<sup>6</sup> include the principles governing remuneration. The key provisions are summarized below.

**Table 1: Articles of Association**

<b>Votes on compensation</b>	The general meeting approves, separately and bindingly, the aggregate amounts of: (i) the maximum compensation of the Board of Directors for the term of office until the next general meeting that may be paid or allocated; and (ii) the maximum overall compensation of the Executive Committee (fixed and variable components) that may be paid or allocated in the subsequent business year.
<i>Article 13</i>	
<b>Principles of compensation Board of Directors</b>	The compensation of the members of the Board of Directors consists of fixed compensation elements and may comprise variable compensation elements; the fixed compensation comprises a fixed base fee and fixed fees for chairmanship and memberships in Board committees or for roles of the Board of Directors as well as a lump sum compensation for expenses; the variable compensation (if applicable) comprises performance-related compensation elements and financial instruments (e.g., performance stock units (PSU)) and depends on the achievement of strategic and / or financial targets set in advance by the Board of Directors over the course of a performance period defined by the Board of Directors. The compensation is awarded in cash, in the form of shares in the Company and other benefits.
<i>Article 25 para. 1</i>	
<b>Additional services by Directors</b>	Members of the Board of Directors who provide consulting services to PolyPeptide in a function other than as members of the Board of Directors may be compensated in cash according to standard market rates subject to approval by the general meeting.
<i>Article 25 para. 3</i>	
<b>Principles of compensation Executive Committee</b>	Compensation for members of the Executive Committee consists of fixed base compensation in cash as well as variable compensation. The fixed compensation comprises the base compensation and may comprise additional compensation elements and benefits. The variable compensation may comprise short-term and long-term compensation components. Compensation to members of the Executive Committee may be awarded in cash, in the form of shares in the Company and other benefits.
<i>Article 26 para. 1</i>	
<b>Short-term and long-term variable compensation</b>	Short-term variable compensation of the Executive Committee depends on the achievement of targets set in advance by the Board of Directors over the course of a one-year performance period; the long-term variable compensation of the Executive Committee shall take into account the sustainable long-term performance and strategic objectives of PolyPeptide and achievements are generally measured based on a period of several years.
<i>Article 26 paras 2-4</i>	
<b>Agreements related to compensation and maximum contract terms of the Executive Committee</b>	The employment agreements of the members of the Executive Committee shall in principle be concluded for an indefinite period. If the Board of Directors considers a fixed term appropriate, such fixed term shall not exceed one year. Employment agreements for an indefinite term may have a termination notice period of maximum 12 months; non-competition obligations for the time following termination of an employment contract with members of the Executive Committee and the associated compensation are permitted to the extent that this is justified from a business perspective. The compensation for such a non-competition undertaking shall not exceed the last paid fixed annual compensation of such member. <sup>7</sup>
<i>Article 24</i>	
<b>Additional compensation for new members of the Executive Committee</b>	If newly appointed or promoted members of the Executive Committee take office after the general meeting has approved the aggregate maximum amount of compensation of the members of the Executive Committee for the next business year, such newly appointed or promoted members may receive a compensation in each case of up to 50% of the last aggregate maximum amount of compensation for the Executive Committee approved by the general meeting. <sup>8</sup>
<i>Article 29</i>	

**Loans and credits**

**Article 28 para. 1**

The Company shall not grant loans, credits, pension benefits (other than in the context of occupational pension) or securities to the members of the Board of Directors or the Executive Committee.<sup>9</sup> Advance payments of fees for lawyers, court fees and similar costs relating to the defense against corporate liability claims up to a maximum amount of CHF 1,000,000 are permitted.

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In addition, our **Organizational Regulations**<sup>10</sup>, including the Charter of the Remuneration and Nomination Committee, further describe and define the roles and responsibilities of the Remuneration and Nomination Committee and the Board of Directors.

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<sup>6</sup> PolyPeptide Group AG's Articles of Association are available at <https://www.polypeptide.com/investors/results-center/>.

<sup>7</sup> In line with the new regulations arising from the reform of Swiss corporate law, from 2023 onwards any compensation payments toward non-competition agreements will not exceed the average compensation paid to such member during the last three financial years.

<sup>8</sup> In line with the new regulations arising from the reform of Swiss corporate law, from 2023 onwards any additional compensation will only be available for newly appointed members of the Executive Committee.

<sup>9</sup> In line with the new regulations arising from the reform of Swiss corporate law, from 2023 onwards such limitations will apply equally to current and former members of the Board of Directors and the Executive Committee as well as to persons closely associated with them.

<sup>10</sup> PolyPeptide Group AG's Organizational Regulations are available at <https://www.polypeptide.com/investors/results-center/>.

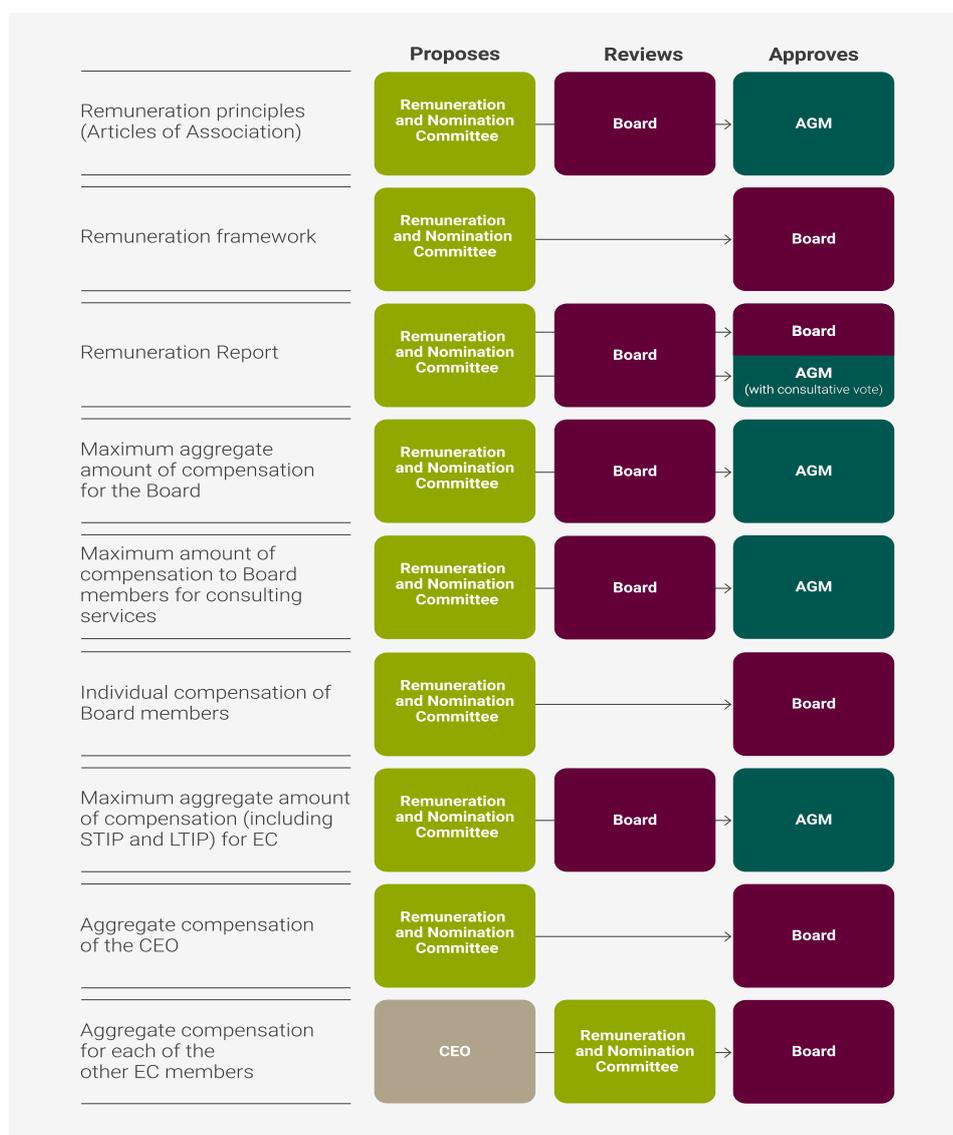
## 1.2 Role and activities of the Board of Directors and shareholders

As provided for in the OaEC and our [Articles of Association](#), our shareholders have significant influence on the compensation of PolyPeptide’s governing bodies and annually approve the maximum aggregate compensation for the members of our Board of Directors and Executive Committee for the applicable periods.

At PolyPeptide, the approach to remuneration is mainly structured by the Remuneration and Nomination Committee, with our Board of Directors being ultimately responsible for ensuring that we comply with and implement our shareholders’ resolutions on compensation matters as well as adhere to statutory compensation provisions and the compensation principles set out in our [Articles of Association](#).

The decision-making relationship between our shareholders, the Board of Directors and the Remuneration and Nomination Committee is illustrated below.

**Table 2: Responsibilities regarding compensation decisions**

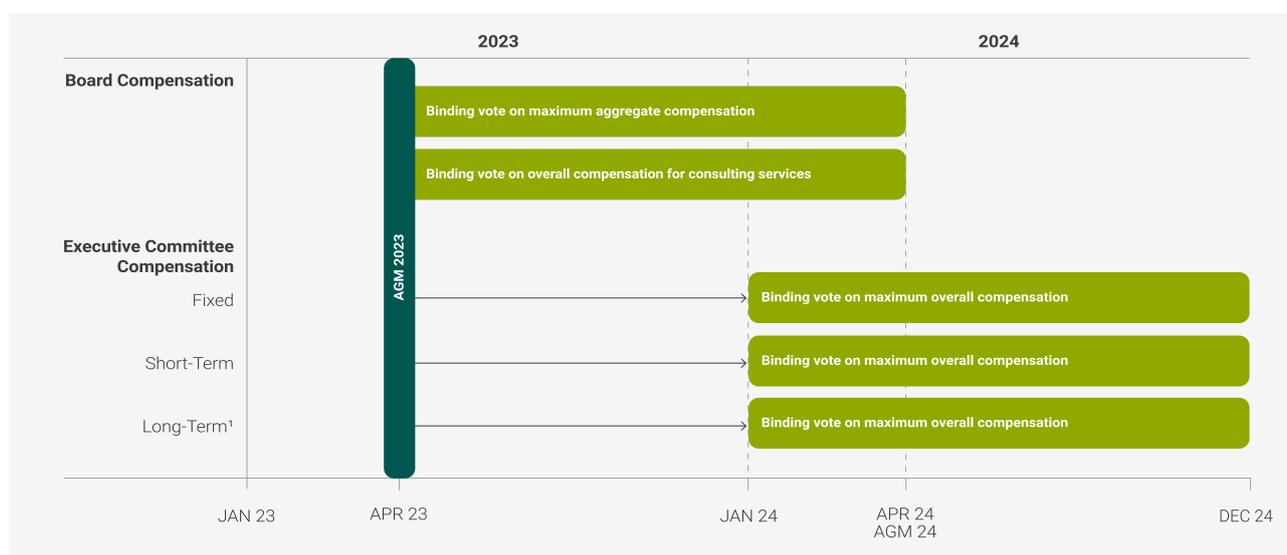


The Board of Directors will submit three separate compensation-related resolutions for shareholder approval at the upcoming general meeting 2023 (“AGM 2023”):

- The maximum aggregate amount of compensation of the Board of Directors for the term of office ending at the conclusion of the next general meeting (i.e., until the next general meeting in 2024);
- The maximum overall compensation of the Executive Committee (fixed and variable components) for the financial year 2024; and
- The aggregate amount of compensation to members of the Board of Directors for consulting services to PolyPeptide in a function other than as members of the Board of Directors for the term of office ending at the conclusion of the next general (i.e., until the next general meeting in 2024).

In addition, the Board of Directors will submit this Remuneration Report to shareholders for a separate consultative vote.

**Table 3: Structure of shareholder voting on compensation at the AGM 2023**



<sup>1</sup> For details regarding the LTIP, including vesting periods, see [section 5.1.4 “Long-term incentive program”](#) of this Remuneration Report.

The Board of Directors may divide the maximum overall compensation of the Executive Committee to be proposed for approval into a maximum fixed and maximum variable compensation and submit the respective proposals for separate approval by the general meeting. Further, the Board of Directors may present to the general meeting deviating or additional proposals for approval in relation to the same or different time periods.

If the general meeting does not approve the amount of the proposed fixed and variable compensation, as the case may be, the Board of Directors may either submit new proposals at the same general meeting, convene a new extraordinary general meeting and make new proposals for approval or may submit the proposals regarding compensation for retrospective approval at the next general meeting.

At the general meeting 2022 (“AGM 2022”), the Board of Directors submitted three separate compensation-related proposals, which were all approved by the shareholders:

- The maximum aggregate amount of compensation of the Board of Directors for the term of office ending at the conclusion of the next general meeting (*i.e.*, until the next general meeting in 2023) in the amount of CHF 1,600,000 (including all employee and employer social security contributions);
- The maximum overall compensation of the Executive Committee (fixed and variable components) for the financial year 2023 in the amount of CHF 7,000,000 (including all employee and employer social security and pension contributions); and
- The aggregate amount of compensation to members of the Board of Directors for consulting services to PolyPeptide in a function other than as members of the Board of Directors for the term of office ending at the conclusion of the next general (*i.e.*, until the next general meeting in 2023) in the amount of CHF 200,000.

In addition, shareholders approved the Remuneration Report 2021 in a consultative vote. For a reconciliation of approved compensation for the Board of Directors versus the estimated awarded amounts until the AGM 2023, see [section 4.2 “Compensation of the Board of Directors” of this Remuneration Report](#). For a reconciliation of approved compensation for the Executive Committee versus awarded amounts for the year ended 31 December 2022, see [section 5.2.2 “Aggregate compensation of the Executive Committee” of this Remuneration Report](#).

### 1.3 Role and activities of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee is entrusted with preparing and periodically reviewing PolyPeptide’s compensation policy, compensation strategy and principles as well as the performance criteria related to compensation and the accompanying review of their implementation. The Remuneration and Nomination Committee is also responsible for submitting proposals and recommendations to the Board of Directors regarding compensation matters. The Remuneration and Nomination Committee further supports the Board of Directors in preparing the compensation proposals for the general meeting. In addition, the Remuneration and Nomination Committee assists the Board of Directors in relation to the succession planning for and nomination of the members of the Board of Directors and the Executive Committee as well as the corporate governance of the Company and the Group. In furtherance of this, the Remuneration and Nomination Committee, for example, regularly assesses the set of competencies as well as each Director’s contributions to ensure that an appropriate mix of skills, expertise and diversity is represented on the Board of Directors and its Committees. The specific responsibilities and competencies of the Remuneration and Nomination Committee are set forth in [art. 19 of the Articles of Association](#), [section 5.3 of the Organizational Regulations](#) as well as the [Remuneration and Nomination Committee Charter](#).

The Remuneration and Nomination Committee consists of at least two members of the Board of Directors who are elected individually and annually by the general meeting. The term of office of the members of the Remuneration and Nomination Committee is one year. In this context, one year means the time period between one general meeting and the next or, if a member is elected at an extraordinary shareholders’ meeting between such extraordinary shareholders’ meeting and the next general meeting. Re-election is possible. The chairman of the Remuneration and Nomination Committee is independent and is appointed by the Board of Directors. As of 31 December 2022, the Remuneration and Nomination Committee consisted of two members: Philippe Weber (chairman) and Peter Wilden.<sup>11</sup>

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<sup>11</sup> AGM 2022 confirmed the re-election of Philippe Weber and Peter Wilden as members of the Remuneration and Nomination Committee.

## Remuneration Report

The Remuneration and Nomination Committee meets at such frequency as it deems necessary to fulfill its duties, normally ahead of ordinary Board meetings, which are expected to take place at least four (4) times per year. Additional meetings may be held and may be convened at the request of either the Board of Directors or any Remuneration and Nomination Committee member. Since 1 January 2022, the Remuneration and Nomination Committee met six (6) times, in a combination of in-person sessions and video conferences, for an average duration of approximately two (2) hours.

The Remuneration and Nomination Committee keeps the Board of Directors informed on a regular basis about all important strategic issues, transactions as well as any business situations and / or developments within its scope of responsibilities and duties. In addition, the chairman of the Remuneration and Nomination Committee provides the full Board of Directors at their meeting with an overview of key topics discussed at the most recent Remuneration and Nomination Committee meeting. The signed minutes (together with all presentation and background materials) from each Remuneration and Nomination Committee meeting are also circulated or otherwise made available to the full Board for their review.

The Remuneration and Nomination Committee may invite to meetings and communicates periodically with the CEO, the CFO and the Chief Human Resources Officer, as well as such other persons (including external specialist advisors) as the Remuneration and Nomination Committee deems appropriate. Such individuals may attend meetings without the right to vote as guests, except where not appropriate (e.g., if particular matters relating to their performance or remuneration are discussed).

In 2021, the Remuneration and Nomination Committee worked with HCM International Ltd., Zurich ("HCM International") as external independent advisor on remuneration matters, in particular with regards to the development of the long-term incentive program. HCM International did / does not have any additional mandates at PolyPeptide. The Remuneration and Nomination Committee did not work with HCM International in 2022.

In 2022, the Remuneration and Nomination Committee engaged Willis Towers Watson ("WTW") for quantitative compensation benchmark services for PolyPeptide's management, including the Board of Directors and Executive Committee (see [section 2 "Remuneration philosophy and principles" of this Remuneration Report](#)). WTW provides additional advisory services to the Group, specifically actuarial valuations at two of our European sites. We believe that these standard and comparatively minor additional mandates at two of our local PolyPeptide sites do not impact their objectivity or independence.

In accordance with [art. 19 of the Articles of Association](#) and the [Remuneration and Nomination Committee Charter](#), the Remuneration and Nomination Committee discussed the following topics at its meetings in 2022:

- Review of the Group's remuneration principles, strategy and structure
- Review and proposal of 2021 variable short-term incentive for the members of the Executive Committee, including individual performance appraisal
- Review and proposal of compensation proposals for AGM 2022
- Review and proposal of individual performance targets and weighting for the 2022 variable short-term incentive for the members of the Executive Committee
- Review of shareholders' and proxy advisors' feedback on the Remuneration Report 2021
- Succession planning at PolyPeptide
- Assessments of the Board of Directors and its Committees
- Review and consideration of the expansion of PolyPeptide's long-term incentive program (LTIP)
- Review and discussion of the results of the benchmarking study for the Board of Directors and Executive Committee
- General update on corporate governance trends and best practices as well as upcoming Swiss corporate law changes
- Update on human capital management, including the Group's human resources mid- and long-term plan and an overview of key people analytics
- Discussion of the structure and approach to the Remuneration Report 2022, including analysis on remuneration disclosure

## Remuneration Report

- Review of ESG material topics assigned to the Remuneration and Nomination Committee
- Review of the Remuneration and Nomination Committee Charter

For more information, see also [section 3.5.3.1 “Remuneration and Nomination Committee” of the Corporate Governance Report 2022](#).

## 2 Remuneration philosophy and principles

We believe that a corporate culture offering employees dynamic and stimulating working conditions with great opportunities to grow and contribute to the shared objective of creating customer satisfaction and fostering long-term customer loyalty through excellence in peptide and oligonucleotide technology, quality, value, service and customer support is key for safeguarding PolyPeptide's long-standing success.

In order to attract, motivate and retain talented individuals who drive performance, the Remuneration and Nomination Committee gives careful consideration to PolyPeptide's remuneration framework, which aims to be simple, clear and transparent. The Remuneration and Nomination Committee is guided by the following key principles:

- the remuneration framework should be competitive, commensurate with market conditions and drive sustainable long-term value creation
- the remuneration framework should reward individual performance and align the interests of the Board of Directors and Executive Committee with the interests of PolyPeptide and its shareholders
- the remuneration framework should be traceable
- the remuneration framework should contain a balance of both fixed and variable components to create sustainable value
- short-term variable components should be based on clear criteria and performance targets tied to PolyPeptide's strategic objectives and values, with consideration given to qualitative factors, including the individual's commitment to PolyPeptide's values through demonstrated behaviors
- long-term variable components should be evaluated and only awarded on the basis of PolyPeptide's long-term performance to promote the creation of shareholder value
- the remuneration framework should avoid creating unintended, undesirable or conflicting incentives or behaviors

As a basis for this work in 2022 and to support compensation recommendations to the Board of Directors, the Remuneration and Nomination Committee decided to undertake a comprehensive benchmark review of the compensation of the Board of Directors and the Executive Committee.

For the Board of Directors, the Remuneration and Nomination Committee initially conducted an internal desktop review of the board compensation of thirteen similarly sized Swiss SIX-listed peers (e.g., considering employee base, revenue and market capitalization).<sup>12</sup> Within this Swiss peer group at the time of the internal review, PolyPeptide was positioned between the twenty-fifth and fiftieth percentile. This internal review was complemented by an analysis from Willis Towers Watson ("WTW"), which analyzed the board compensation of companies listed in the SMIM.<sup>13</sup> Within the SMIM peer group at the time of the analysis, PolyPeptide was positioned between the tenth and twenty-fifth percentile. The combined benchmarking analyses showed that PolyPeptide is positioned comparably to its peers with regards to level and structure of the Board of Directors' compensation package. Thus, the Remuneration and Nomination Committee concluded that no proposed changes to the remuneration of the Board of Directors were currently warranted.

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<sup>12</sup> The similarly sized Swiss peer group comprised Vifor Pharma AG, Idorsia Ltd, Lonza Group AG, Bachem Holding AG, Galenica AG, Sonova Holding AG, Straumann Holding AG, Tecan Group Ltd., Siegfried Holding AG, Medacta Group SA, Sensirion Holding AG, medmix AG and Medartis Holding AG.

<sup>13</sup> At the time of the review, the SMI Mid comprised Adecco Group AG, ams-OSRAM AG, Bachem Holding AG, Bâloise Holding AG, Barry Callebaut AG, BB Biotech AG, Cembra Money Bank AG, Chocoladefabriken Lindt & Sprüngli AG, Clariant AG, Dufry AG, EMS-Chemie Holding AG, Flughafen Zürich AG, Galenica AG, Georg Fischer AG, Helvetia Holding AG, Julius Bär Gruppe AG, Kuehne + Nagel International AG, PSP Swiss Property AG, Schindler Holding AG, SIG Combibloc Group AG, Sonova Holding AG, Straumann Holding AG, Swiss Prime Site AG, Tecan Group Ltd., Temenos AG, The Swatch Group AG, VAT Group AG and Zur Rose Group AG.

To ensure competitiveness with the market, the compensation of the Executive Committee was also benchmarked in 2022. The Remuneration and Nomination Committee engaged WTW, which reviewed the compensation practices of an agreed peer group of twenty-two European health science companies.<sup>14</sup> This peer group was selected by considering factors such as industry, revenue, employee base, geographic footprint, etc. The benchmark focused on appropriate functions within the peer group by applying the WTW grading. WTW uses a position evaluation methodology to size each role so that in all cases positions were compared with similar positions in terms of scope. Within this European health science peer group at the time of the analysis and based on data from WTW's existing database, PolyPeptide was positioned around the twenty-fifth percentile. In general, the benchmarking analysis for the Executive Committee revealed that our fixed compensation levels were commensurate with the identified peer universe. The Remuneration and Nomination Committee did observe differences in the approach to variable compensation, as all peers included a long-term incentive component alongside short-term incentive remuneration. Consequently, the Remuneration and Nomination Committee considered the expansion of the LTIP to the full Executive Committee. However, in light of PolyPeptide's weak financial and operational performance, the Remuneration and Nomination Committee ultimately recommended that the Board of Directors not grant long-term incentive awards for the financial year 2022. The Remuneration and Nomination Committee plans to revisit this topic during the course of 2023.

Going forward, the Remuneration and Nomination Committee will conduct benchmark assessments for the compensation of the members of the Board of Directors and the Executive Committee every two or three years (or more often as required) against the compensation of comparable companies to ensure that PolyPeptide's remuneration continues to be guided by its established principles and that remuneration levels remain competitive to support the retention and attraction of talent. For these purposes, the Remuneration and Nomination Committee will consider whether it is appropriate or necessary to continue engaging external advisors as well as whether the identified peer groups from the most recent benchmark studies remain valid. The Remuneration and Nomination Committee will also consider PolyPeptide's overall internal compensation structure, the individual's profile (e.g., skill set, experience, seniority), PolyPeptide's global activities, the growing complexity of its industry as well as the Group's expanding human capital management responsibilities in light of an increasing number of employees. Following such assessments, the Remuneration and Nomination Committee may propose to the Board of Directors compensation adjustments (e.g., increases / decreases in base salaries or changes in the proportion of the compensation components) for proposal to the general meeting.

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<sup>14</sup> Selected peer group of European Health Science companies consisted of Galapagos NV, Genmab A/S, Leo Pharma A/S, H. Lundbeck A/S, Laboratories Expanscience, QIAGEN N.V., IDT Biologika, Fidia Farmaceutici S.P.A., Cinfa S.A., Grupo Alter, Swedish Orphan Biovitrum AB, Ferring B.V., Galderma S.A., IBSA Institut Biochimique SA, Lonza Group AG, Novartis AG, Roche Holding AG, Straumann Holding AG, Tecan Group Ltd, Vifor Pharma AG, Bio Products Laboratory Holding Limited and Mundipharma International Limited.

### 3 Agreements related to the compensation for members of the Board of Directors and the Executive Committee

According to [art. 24 para. 1 of the Articles of Association](#) and in line with the OaEC, any mandate agreements with members of the Board of Directors have a fixed term until the conclusion of the next general meeting. Early termination or removals remain reserved. According to [art. 24 para. 2 of the Articles of Association](#), the employment agreements of the members of the Executive Committee are in principle concluded for an indefinite period. If the Board of Directors considers a fixed term appropriate, such fixed term will not exceed one year. Employment agreements for an indefinite term may have a termination notice period of maximum 12 months. [Art. 24 para. 3 of the Articles of Association](#) provides that the non-competition obligations for the time following termination of an employment contract with members of the Executive Committee and the associated compensation are permitted to the extent that this is justified from a business perspective. According [art. 24 para. 3 of the Articles of Association](#), the compensation for such a non-competition undertaking shall not exceed the last paid fixed annual compensation of such member.

Currently, all members of the Executive Committee are employed under contracts of unlimited duration with notice periods not exceeding a maximum of 12 months. Executive Committee members are not contractually entitled to termination payments or any change of control provisions (other than the special vesting provisions of any applicable LTIP awards, see [section 5.1.4 "Long-term incentive program" of this Remuneration Report](#)). In addition, the Executive Committee agreements contain non-competition clauses, and, in accordance with [art. 24 para. 3 of the Articles of Association](#), any compensation for such a non-competition undertaking does not exceed the last paid fixed annual compensation of such Executive Committee member.<sup>7</sup>

## 4 Compensation framework for the Board of Directors

### 4.1 Remuneration approach

Pursuant to [art. 25 of the Articles of Association](#), the compensation of the members of the Board of Directors (including the Chairman) is determined by the entire Board of Directors based on the proposal of the Remuneration and Nomination Committee and subject to and within the limits of the aggregate amounts approved by the general meeting. According to [section 4\(b\) of the Organizational Regulations](#), the Chairman is required to abstain from the deliberation and decision-making about his or her own compensation. The compensation consists of fixed compensation elements and may comprise variable compensation elements. The fixed compensation includes a fixed base fee and fixed fees for chairmanship and memberships in Board committees or for roles of the Board of Directors as well as potentially a lump sum compensation for expenses (if applicable) which are determined by the full Board of Directors based on the proposal of the Remuneration and Nomination Committee, subject to and within the limits of the aggregate maximum amounts approved by the general meeting.

Any variable compensation comprises performance-related compensation elements and financial instruments (e.g., performance stock units (PSU)) and depends on the achievement of strategic and / or financial targets set in advance by the Board of Directors over the course of a performance period defined by the Board of Directors. The compensation is awarded in cash, in the form of shares in the Company and other benefits. Where the compensation is paid in whole or in part in shares or financial instruments, the Board of Directors determines the grant conditions as well as any restriction periods and forfeit conditions.

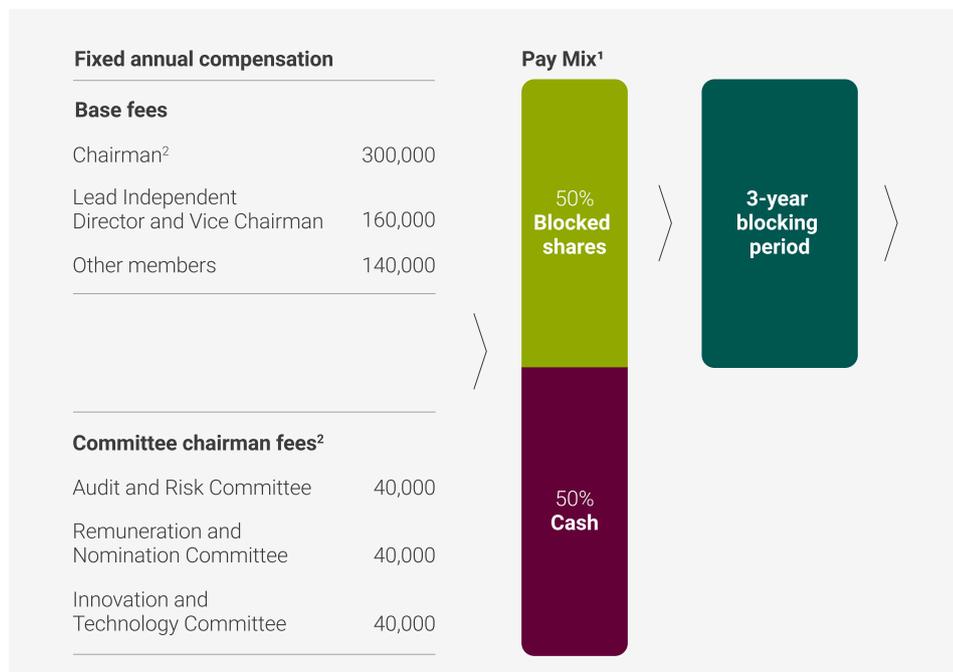
Currently, members of the Board of Directors only receive fixed compensation elements, of which at least half are payable in shares and the remainder in cash. Board members have the option of electing to be paid up to 100% of their fixed fee in shares. For Board members electing to receive more than 50% of their fixed fee in shares, the shares exceeding the 50% portion will be granted at a discount of 20% to market price.<sup>15</sup> All shares received as part of the Board's remuneration is subject to a three-year blocking period from the date of grant. We believe that the share-based component strengthens the alignment of the Board of Directors' interests with those of our shareholders as well as further incentivizes the members of the Board of Directors to drive PolyPeptide's success. During the period under review, there were no payments to pension funds or similar institutions for the members of the Board of Directors.

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<sup>15</sup> The market price is the volume-weighted average share price over the last five trading days prior to the quarterly payment date.

Below is an overview of the current remuneration framework for the Board of Directors.

**Table 4: Remuneration framework for the Board of Directors (in CHF)**



<sup>1</sup> Board members have the option of electing on an annual basis to be paid up to 100% of their fixed fee in shares. For Board members electing to receive more than 50% of their fixed fee in shares, the shares exceeding the 50% portion will be granted at a discount of 20% to market price (calculated based on the volume-weighted average share price over the last five trading days prior to the quarterly payment date).

<sup>2</sup> The Chairman does not receive any additional compensation for his role as chairman of the Chair's Committee.

The cash and share compensation are paid out on a quarterly basis. The number of shares is determined by dividing each Board member's respective share-based compensation by the volume-weighted average closing share price over the last five trading days prior to the quarterly payment date (and with a discount of 20% on the shares exceeding 50% of the fixed fee, if applicable) and rounded up to the next whole number of shares. Any shares delivered to Board members in connection with their compensation are / will be blocked for a period of three years from the date of grant.

If a Board member resigns before completion of the respective term of office (*i.e.*, mid-term), such member is entitled to the respective pro-rata compensation earned up to and including the resignation date, and any compensation already received in excess of the pro-rata entitlement is to be transferred back to the Company.

In addition, in accordance with [art. 25 para. 3 of the Articles of Association](#), the members of the Board of Directors who provide consulting services to PolyPeptide in a function other than as members of the Board of Directors may be compensated in cash according to standard market rates, subject to approval by the general meeting (for further information on such compensation paid in the year ended 31 December 2022, see [section 4.2 "Compensation of the Board of Directors" of this Remuneration Report](#)). Furthermore, pursuant to [art. 27 of the Articles of Association](#), expenses that are not covered by the lump sum compensation for expenses (if applicable) pursuant to PolyPeptide's expense regulations are reimbursed against presentation of the relevant receipts. Amounts paid for expenses actually incurred do not need to be approved by the general meeting.

## 4.2 Compensation of the Board of Directors

While the structure and amount of remuneration of the members of the Board of Directors has not changed compared to 2021, the total compensation of the Board of Director increased by 33.3% for the year ended 31 December 2022 as compared to the previous period in absolute amounts due to the full 12-month service period in 2022 compared to a shorter nine-month period in 2021 following the Company's incorporation and initial public offering in April 2021.

The following tables show the compensation of the Board of Directors for the period from 1 January 2022 to 31 December 2022 (Table 5) and from 7 April 2021 to 31 December 2021 (Table 6). For the previous period (*i.e.*, 7 April 2021 until AGM 2022) and for the current period (*i.e.*, until AGM 2023), the Board did not receive a lump sum for expenses; rather any expenses incurred were reimbursed against the presentation of the relevant receipts.

**Table 5: 2022 Compensation of the Board of Directors**  
(1 January 2022 – 31 December 2022)

CHF	Position	Cash compensation	Share-based compensation <sup>1</sup>	Total (cash and shares)	Social security contributions	Total compensation
Peter Wilden	Chairman	63,750	257,337	<b>321,087</b>	20,116	<b>341,202</b>
Patrick Aebischer	Vice-Chairman, Lead Independent Director	50,000	162,137	<b>212,137</b>	11,738	<b>223,875</b>
Erik Schropp <sup>2</sup>	Member	–	–	–	–	–
Jane Salik	Member	70,000	69,881	<b>139,881</b>	–	<b>139,881</b>
Beat In-Albon	Independent Member	45,000	145,898	<b>190,898</b>	10,446	<b>201,344</b>
Philippe Weber <sup>3</sup>	Independent Member	19,500	177,680	<b>197,180</b>	13,425	<b>210,605</b>
<b>Total Board of Directors</b>		<b>248,250</b>	<b>812,931</b>	<b>1,061,181</b>	<b>55,725</b>	<b>1,116,906</b>

<sup>1</sup> The number of shares due quarterly for each Director is the fair value at grant date determined by dividing each Board member's respective share-based compensation by the volume-weighted average share price over the last five trading days prior to the quarterly payment date and rounded up to the next whole number of shares. For Board members electing to receive more than 50% of their fixed fee in shares, the shares exceeding the 50% portion are granted at a discount of 20% to the volume-weighted average share price over the last five trading days prior to the quarterly payment date. For information regarding the accounting treatment of such share-based payments under IFRS, see [note 4 of the consolidated financial statements in the Financial Report 2022](#).

<sup>2</sup> Erik Schropp, as representative of Draupnir Holding B.V. (one of the Company's significant shareholders, see [section 1.2 "Significant shareholders" of the Corporate Governance Report 2022](#)), waived all compensation for his Board duties for the term of office from the AGM 2022 to AGM 2023.

<sup>3</sup> Philippe Weber is a Partner at Niederer Kraft Frey AG (NKF). For the year ended 31 December 2022, the Group paid CHF 66,414 to NKF for legal services in relation to ongoing corporate legal matters (*e.g.*, securities, employment, tax and corporate law questions), well within the CHF 200,000 limit approved by the AGM 2022.

**Table 6: 2021 Compensation of the Board of Directors**  
(7 April 2021 – 31 December 2021)

<i>CHF</i>	Position	Cash compensation	Share-based compensation <sup>1</sup>	Total (cash and shares)	Social security contributions	Total compensation
Peter Wilden	Chairman	56,250	182,346	<b>238,596</b>	16,546	<b>255,142</b>
Patrick Aebischer	Vice-Chairman, Lead Independent Director	37,500	121,519	<b>159,019</b>	8,993	<b>168,012</b>
Erik Schropp <sup>2</sup>	Member	–	–	–	–	–
Jane Salik <sup>3</sup>	Member	52,500	52,363	<b>104,863</b>	–	<b>104,863</b>
Beat In-Albon	Independent Member	33,750	109,422	<b>143,172</b>	8,007	<b>151,179</b>
Philippe Weber <sup>4</sup>	Independent Member	13,500	134,729	<b>148,229</b>	10,271	<b>158,500</b>
<b>Total Board of Directors<sup>5</sup></b>		<b>193,500</b>	<b>600,379</b>	<b>793,879</b>	<b>43,817</b>	<b>837,696</b>

<sup>1</sup> The number of shares due quarterly for each Director is the fair value at grant date determined by dividing each Board member's respective share-based compensation by the volume-weighted average share price over the last five trading days prior to the quarterly payment date and rounded up to the next whole number of shares. For Board members electing to receive more than 50% of their fixed fee in shares, the shares exceeding the 50% portion are granted at a discount of 20% to the volume-weighted average share price over the last five trading days prior to the quarterly payment date.

<sup>2</sup> Erik Schropp, as representative of Draupnir Holding B.V. (one of the Company's significant shareholders, see [section 1.2 "Significant shareholders" of the Corporate Governance Report 2022](#)), waived all compensation for his Board duties for the term of office from the extraordinary general meeting held on 19 April 2021 (the "EGM 2021") to AGM 2022. However, Mr. Schropp received an IPO Recognition Bonus granted and funded (or reimbursed, as the case may be) by Draupnir Holding B.V. (as selling shareholder). For detailed information on the IPO Recognition Bonus, see [section 6 "IPO Recognition Bonus" of the Remuneration Report 2021](#).

<sup>3</sup> Jane Salik also received separate compensation for her role on the Executive Committee up to and including 17 August 2021. The total separate compensation paid for her services on the Executive Committee during the period 1 January 2021 to 17 August 2021 is included in the compensation disclosed in [section 5.2.2 "2021 aggregate compensation of the Executive Committee" of the Remuneration Report 2021](#). Ms. Salik also received an IPO Recognition Bonus granted and funded (or reimbursed, as the case may be) by Draupnir Holding B.V. (as selling shareholder). For detailed information on the IPO Recognition Bonus, see [section 6 "IPO Recognition Bonus" of the Remuneration Report 2021](#).

<sup>4</sup> Philippe Weber is a Partner at Niederer Kraft Frey AG (NKF), which acted as legal adviser to PolyPeptide in connection with its IPO and other ongoing legal matters. For the year ended 31 December 2021, the Group paid CHF 122,559 to NKF for legal services in relation to ongoing legal matters (other than in relation to the IPO).

<sup>5</sup> One member of the board of directors of PolyPeptide Laboratories Holding B.V. (the Group's predecessor holding company), who subsequently was not elected to the Board of the Company, received an IPO Recognition Bonus granted and funded (or reimbursed, as the case may be) by Draupnir Holding B.V. (as selling shareholder). For detailed information on the IPO Recognition Bonus, see [section 6 "IPO Recognition Bonus" of the Remuneration Report 2021](#).

**Reconciliation of compensation to shareholder resolutions**

For the term to the AGM 2023, the AGM 2022 approved a maximum aggregate amount of fixed compensation for the Board of Directors of CHF 1,600,000 (including all employee and employer social security contributions). For the term to the AGM 2022, the EGM 2021 approved a maximum aggregate amount of fixed compensation for the Board of Directors of CHF 1,600,000 (including all employee and employer social security contributions).

Table 7 shows the reconciliation between the compensation that has been / will be paid / granted for the respective term of office and the maximum aggregate amount approved by the general meeting:

**Table 7: Compensation approved and compensation paid / to be paid / granted for the members of the Board of Directors**

	Total compensation granted	Maximum aggregate amount available	Status
EGM 2021 to AGM 2022	CHF 1,111,529 <sup>1</sup>	CHF 1,600,000	Approved EGM 2021
AGM 2022 to AGM 2023	CHF 1,175,768 <sup>2</sup>	CHF 1,600,000	Approved AGM 2022

<sup>1</sup> The actual amount of compensation granted for the period from EGM 2021 to AGM 2022 does not include the IPO Recognition Bonus received by Erik Schropp and Jane Salik granted and funded (or reimbursed, as the case may be) by Draupnir Holding B.V. (as selling shareholder). For detailed information, see [section 6 "IPO Recognition Bonus" of the Remuneration Report 2021](#).

<sup>2</sup> The amount represents an estimate for the term of office from AGM 2022 to AGM 2023. The amount is calculated as an estimate for the six members of the Board of Directors elected at the AGM 2022, of which one member (Erik Schropp) waived his compensation for his Board duties for the current term of office. The amount also includes the fixed executive chairman fee of CHF 25,000 per month awarded to Dr. Peter Wilden in his role as Executive Chairman (as announced on 30 January 2023) for the period 1 February 2023 to 31 March 2023. The role of Executive Chairman is expected to be limited in nature to actively manage the CEO succession and assure business continuity. The final amount of total compensation granted will be disclosed in the Remuneration Report 2023.

In addition, with reference to [art. 25 para. 3 of the Articles of Association](#), for the period from the EGM 2021 until AGM 2022, the Group paid CHF 171,570 to Niederer Kraft Frey AG (NKF), where Philippe Weber (Director) is a Partner, for legal services in relation to ongoing corporate legal matters (other than in relation to the IPO), well within the CHF 1 million limit approved by the EGM 2021. For the period from the AGM 2022 until 31 December 2022, the Group paid CHF 66,414 to NKF for legal services in relation to ongoing corporate legal matters (e.g., securities, employment, tax and corporate law questions), well within the CHF 200,000 limit approved by the AGM 2022. The final amount for the period between AGM 2022 to the AGM 2023 will be disclosed in the Remuneration Report 2023.

### 4.3 Loans, credits and related-party compensation

In accordance with [art. 28 of the Articles of Association](#), no loans or credits were directly or indirectly granted or outstanding as at 31 December 2022 or 31 December 2021, respectively, to current members of the Board of Directors. In addition, no granted loans or credits were still outstanding as at 31 December 2022 or 31 December 2021, respectively, to former members of the Board of Directors.

For the years ended 31 December 2022 and 31 December 2021, respectively, no compensation was directly or indirectly paid or granted to persons closely associated with current or former members of the Board of Directors. In addition, no loans or credits were directly or indirectly granted or outstanding as at 31 December 2022 or 31 December 2021, respectively, to persons closely associated with current or former members of Board of Directors.

For the related party transactions, refer to [note 22 "Related parties" of the consolidated financial statements in the Financial Report 2022](#).

## 5 Compensation framework for the Executive Committee

### 5.1 Remuneration approach

Pursuant to [art. 26 of the Articles of Association](#), the compensation of the members of the Executive Committee is determined by the entire Board of Directors based on the proposal of the Remuneration and Nomination Committee and subject to and within the limits of the aggregate amounts approved by the general meeting. Regarding the compensation of the members of the Executive Committee (other than the CEO), the Remuneration and Nomination Committee works in consultation with the CEO.

In principle (and as set forth by the [Organizational Regulations](#)), members of the Executive Committee shall attend designated and selected sections of the meetings of the Board and Remuneration and Nomination Committee meetings as guests without the right to vote, except where not appropriate (e.g., if particular matters relating to their performance or remuneration are discussed). Compensation to members of the Executive Committee may be awarded in cash, in the form of shares in the Company and other benefits.

The remuneration framework for members of the Executive Committee consists of fixed base compensation in cash as well as variable compensation elements. The fixed compensation comprises the base salary and additional pension and other benefits. The variable compensation comprises short-term and long-term compensation components (if applicable).

Below is an overview of the current remuneration framework for the Executive Committee.

**Table 8: Remuneration framework for the Executive Committee**

Component	Instrument	Purpose	Criteria
<b>Fixed compensation</b>			
<b>Base salary</b>	Monthly/bi-weekly cash payment	Attract, motivate, and retain talented and qualified management	Responsibilities and scope of the position; employee qualifications and skills; financial considerations; market conditions and competitiveness
<b>Pension and Other Benefits</b>	Pension plan, insurance and benefits	Safeguard employees and their dependents in the event of retirement, sickness, inability to work or death; provide competitive employee benefits	Comply with local laws and regulations (i.e., Switzerland, Sweden, the US, etc.); tailored to market conditions
<b>Variable compensation</b>			
<b>Short-term incentive program</b>	Annual cash bonus	Motivate and reward annual / short-term financial, operational and strategic objectives as well as demonstrated commitment to PolyPeptide values	Achievement of pre-identified performance targets (e.g., financial, operational and personal) at the end of a financial year
<b>Long-term incentive program<sup>1</sup></b>	Annual grant of performance share units (PSUs)	Motivate, enhance and reward loyalty and align interests of shareholders and management	Achievement of pre-identified performance targets at the end of a three-year performance period

<sup>1</sup> For the year ended 31 December 2021 the only eligible participant in the LTIP was Raymond De Vré; for the year ended 31 December 2022 there were no LTIP awards granted. However, the Remuneration and Nomination Committee continues to evaluate the expansion of the LTIP to the Executive Committee as well as other members of senior management in future periods.

#### 5.1.1 Base salary

The base salary for each member of the Executive Committee is a fixed component of compensation paid in cash on a monthly or bi-weekly basis depending on market practice. The base salary reflects the scope and key responsibilities of the role as well as the qualification

and skills required to perform the role, along with the employee's individual skill set, qualifications and experience. Financial considerations, such as budget and affordability, are also considered together with market conditions and competitiveness (see [section 2 "Remuneration philosophy and principles"](#) of this Remuneration Report for further information regarding benchmarking analyses).

### 5.1.2 Pension and Other Benefits

Pension and other benefits provide security for employees and their dependents in the event of retirement, sickness, inability to work or death. The members of the Executive Committee participate in the pension and social insurance schemes in the countries where their employment contracts were entered into or where they are resident, as the case may be. As such, the plans vary according to local market practice and regulations; however, at a minimum they reflect the statutory requirements of the respective countries. For example, in line with local employment practice for Swiss employees, all employees under Swiss employment contracts are covered by a supplementary non-compulsory occupational welfare plan in addition to PolyPeptide's compulsory occupational pension scheme.

We also offer competitive employee benefits. Depending on market practice, such additional benefits may include a company car or car allowance, health coverage, variable vacation supplement, local profit-sharing schemes, etc. and, where relevant, relocation-related and international benefits, such as executive benefits allowance or reimbursements, tax advisory services, etc. In addition, to the extent applicable, supplemental awards to incoming Executive Committee members to compensate for remuneration forfeited at the previous employer (generally on a "like-for-like" basis) are reported as "Other benefits". The monetary value of any of these remuneration elements is disclosed in the compensation tables.

Out-of-pocket expenses incurred by members of the Executive Committee in connection with their employment services for PolyPeptide are duly reimbursed in accordance with the applicable regulations and are not considered to be compensation subject to approval and, hence, are not further considered in the compensation tables presented further below.

### 5.1.3 Short-term incentive program

#### 5.1.3.1 Overview

The short-term incentive program ("STIP") is an annual cash-based incentive program intended to motivate and reward the Executive Committee to deliver on PolyPeptide's short-term financial, operational and strategic objectives.

In accordance with [art. 26 of the Articles of Association](#), the STIP performance targets are determined in advance by the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, for one financial year, where any awards are based on the audited consolidated financial statements for that specific financial year (as applicable). Performance targets are determined on an annual basis for each member of the Executive Committee, taking into account his/her position, responsibilities, and tasks, before or at the beginning of the one-year performance period.

We set demanding STIP financial performance targets to incentivize the delivery of best-in-class financial and operational performance. In parallel, individual performance targets (which are of a more qualitative and strategic nature and may include, for example, leadership skills, organizational development, demonstration of behaviors in line with PolyPeptide's values and management of strategic projects) also serve to encourage and motivate the Executive Committee to achieve the Group's objectives. Pay-outs are subject to caps that are expressed as pre-determined multipliers of the respective performance target levels.

In case of termination of employment during the performance period, the STIP payout may be reduced or forfeited depending on the conditions of such termination and subject to applicable law. Any STIP awards are paid in cash by 30 June following the approval of the applicable audited consolidated financial statements and are not subject to forfeiture or clawback provisions.

Following the end of the applicable financial year, the Remuneration and Nomination Committee assesses the achievement of the STIP financial and operational performance

targets and calculates the corresponding payout factor, which is subject to approval of the Board of Directors. For the individual performance component, the Remuneration and Nomination Committee conducts an assessment of the individual contributions of each member of the Executive Committee and includes the corresponding payout factor in its proposal to the Board of Directors.

### 5.1.3.2 2022 STIP

For the year ended 31 December 2022, the individual target incentive amount for the CEO then in office corresponded to 60.0% of base salary and for the other four members of the Executive Committee then in office to 35.0% of base salary. The maximum payout amount for the CEO then in office was equivalent to 90% of base salary and for the other four members of the Executive Committee then in office to 52.5% of base salary.<sup>16</sup>

Currently, payouts under the STIP are calculated based on the achievement level of the respective performance targets, with 100% achievement resulting in 100% payout. For each performance target, there is a minimum threshold performance level of 85% achievement of the performance target, below which there is no payout. There is also a maximum performance level of 115% achievement of the performance target, at which threshold the payout is capped at 150%. Linear extrapolation is used to calculate the payout between the minimum threshold and target, and target and maximum. Thus, total payout under the STIP can range from 0% to 150% of the target incentive amount.

For the year ended 31 December 2022, the STIP objectives for the Executive Committee comprised both financial and individual performance objectives, as detailed in the table below.

**Table 9: 2022 STIP performance objectives and weighting for the Executive Committee**

Focus in 2022	Performance objective	Weighting
<b>CEO</b>		
Growth	Revenue	40%
Profitability	Adjusted EBITDA	40%
Individual performance	Personal objectives	20%
<b>Other members of the Executive Committee</b>		
Growth	Revenue	30%
Profitability	Adjusted EBITDA	30%
Global Balanced Scorecard <sup>1</sup>	Group operational performance	20%
Individual performance	Personal objectives	20%

<sup>1</sup> The 2022 Global Balanced Scorecard contained quantified targets on critical project execution, green chemistry (*new*), “on time in full” (OTIF), environmental health and safety, quality (audit and inspection compliance and cost of non-quality) and employee turnover. As compared to 2021, (i) the objective “innovation initiatives” was merged with green chemistry in 2022 and (ii) the objective “customer survey” was removed as OTIF was viewed as the more relevant customer indicator. These changes were made, *inter alia*, to encourage PolyPeptide’s senior management, including the applicable members of the Executive Committee, to advance PolyPeptide’s ESG agenda.

<sup>16</sup> The percentage amounts disclosed relate to the composition of the Executive Committee as of 31 December 2022.

The identified performance objectives were chosen because they are key value drivers for PolyPeptide and generally reward Executive Committee members for supporting the Group's growth, increasing profitability and promoting sustainable value creation. The targets on employee retention, environmental health and safety and green chemistry also support PolyPeptide's material ESG topics as "Sustainability partner" and "Employer of choice". The weighting of the performance objectives for the CEO then in office remained constant for 2022 as compared to 2021. For the other members of the Executive Committee, the weightings of the revenue and adjusted EBITDA performance objectives were both increased to 30% (2021: 25%) and the weighting of the group operational performance objective was decreased to 20% (2021: 30%). These changes were made to further focus the other members of the Executive Committee on driving PolyPeptide's growth and increasing its profitability.

We consider our STIP financial, operational and individual performance targets commercially sensitive information. Communicating such targets would provide privileged insight into PolyPeptide's strategy and could lead to a competitive disadvantage. Therefore, we have decided not to disclose the specific STIP performance targets, but to provide a general comment on their achievement at the end of the cycle (e.g., see [Table 12 in section 5.2.1 "Overview and performance assessment" of this Remuneration Report](#) for an overview of the STIP target performance in 2022). As a general principle, though, the financial, operational and individual performance targets set each year incorporate significant improvements against the previous year's achievements. Demanding targets are intended to encourage and motivate the Executive Committee to deliver best-in-class performance and advance PolyPeptide's strategies.

### 5.1.4 Long-term incentive program

#### 5.1.4.1 Overview

The share-based long-term incentive program ("LTIP") is designed to motivate, reward and retain key employees by providing them with the opportunity to become shareholders as well as participate in the future long-term success and prosperity of PolyPeptide. Furthermore, the LTIP is intended to align the interests of eligible employees with those of the Company's shareholders, to promote a performance culture throughout the organization and to align remuneration with the creation of shareholder value.

In accordance with [art. 26 of the Articles of Association](#), the LTIP takes into account the sustainable long-term performance and strategic objectives of PolyPeptide. Achievements are generally measured based on a period of several years. The long-term compensation pay-outs are subject to caps that may be expressed as pre-determined multipliers of the respective target levels.

The Board of Directors or, to the extent delegated to it, the Remuneration and Nomination Committee determines the performance metrics, target levels and target achievement as well as grant, vesting, exercise, restriction and forfeiture conditions and periods in relation to shares or similar rights regarding shares to be awarded. In particular, the conditions may provide for continuation, acceleration or removal of vesting, exercise, restriction and forfeiture conditions and periods, for payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events such as a change of control or termination of an employment or mandate agreement. We may procure the required shares or other securities through purchases in the market or by using conditional share capital. Compensation may be paid by PolyPeptide or companies controlled by it.

#### 5.1.4.2 LTIP Plan<sup>17</sup>

During the second half of 2021, the Board of Directors adopted the LTIP rules (the “Plan”), as amended from time to time.

According to the Plan, in any calendar year between 1 January and 31 December, inclusive, (a “Plan Year”), eligible employees may be awarded the contingent right to receive a certain number of registered Company shares in the future, provided that certain performance and other conditions are achieved (“Performance Share Unit(s)” or “PSU(s)”). Any shares awarded will only be transferred after such PSUs have vested following the three-year performance period and contingent upon continuous employment (subject to certain limited exemptions).

For awards made to any members of the Executive Committee (including the CEO), the Board of Directors approves any granting of PSUs upon recommendation of the Remuneration and Nomination Committee and such number of PSUs are / will be subject to the amounts approved at the applicable general meeting. Raymond De Vré’s employment agreement provided for an annual target value for the allocation of PSUs.<sup>18</sup> The number of allocated PSUs to the other members of the Executive Committee will depend on the individual LTIP grant level determined by the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, based on, *inter alia*, the individual’s position, complexity of the function and level of responsibility. For eligible employees outside the Executive Committee, such individuals will be selected by the Executive Committee based on objective and subjective criteria determined by the Executive Committee, in each case following discussion with the Remuneration and Nomination Committee.

As a rule, the number of PSUs to be granted will equal the award amount divided by the volume-weighted average share price over the last 20 trading days prior to the PSU grant date. PSUs represent an unsecured, contingent right to the future transfer of shares in accordance with and subject to the restrictions set out in the Plan. PSUs do not provide the participant with any shareholding rights such as dividends, voting rights or the like during the vesting period. The right to receive any PSUs and / or shares under the Plan cannot be settled in cash.

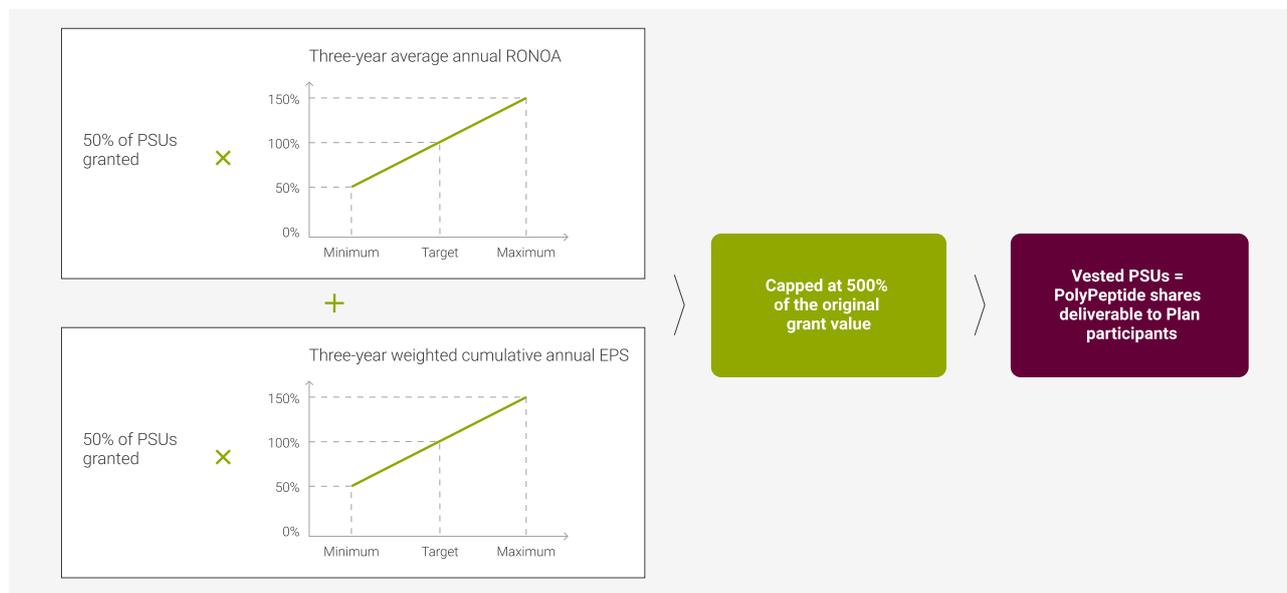
The vesting of (i) 50% of the granted PSUs will be based on the three-year average of annual return on net operating assets (RONOA) and (ii) 50% of the granted PSUs will be based on the three-year weighted cumulative basic earnings per share (EPS) of the Company, in each case as achieved during the three-year performance period compared to pre-defined performance ranges with minimum, target and maximum goals set by the Board of Directors, upon recommendation from the Remuneration and Nomination Committee. RONOA is defined as the last twelve months’ operating result as a percentage of average net operating assets and expresses how well PolyPeptide utilizes its assets to generate earnings. EPS illustrates PolyPeptide’s profitability. During the course of 2022, the EPS performance measure as set out in the Plan was amended to “basic” EPS (previously “diluted” EPS), which we believe more accurately measures the performance of the participants. The RONOA and EPS performance achievements will determine the percentage of vested shares from the RONOA and EPS portion, respectively, of the PSUs with a variable factor from 0% up to 150%.

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<sup>17</sup> Summary of the relevant LTIP Plan.

<sup>18</sup> Raymond De Vré voluntarily agreed to waive his annual target value 2022 for the allocation of PSUs as set out in his employment agreement.

**Table 10: LTIP Plan**



On the vesting date, if the minimum performance for a financial measure RONO A or EPS as defined in the performance range is not met, the portion of the PSUs relating to that financial measure expires unconditionally and the PSUs do not vest. If the maximum performance is met or exceeded for a financial measure, participants may receive up to 150% of that portion of the PSUs relating to that financial measure. Between minimum and target performance as well as between target and maximum performance, the variable factor will increase linearly. The number of vested PSUs is subject to an absolute value cap representing, in each case, 500% of the original grant value. The actual RONO A and EPS targets are considered commercially sensitive information, and we believe that communicating such targets would provide privileged insight into PolyPeptide’s strategy and could lead to a competitive disadvantage. As such, we will disclose the targets and the corresponding results at the end of the respective performance period (*i.e.*, for the 2021 LTIP award with the reporting for the financial year 2023).

If PSUs vest and the respective shares are transferred to a participant pursuant to the Plan, that participant will receive an additional number of shares to compensate for missed dividend payments during the vesting period. The number of additional shares will equal the total amount of dividends during the vesting period attributable to the shares transferred to that participant, divided by the weighted average share price over the last 20 trading days prior to the vesting date.

Upon recommendation of the RNC, the Board of Directors may in its discretion adjust PSUs as it deems appropriate in the case of variation of share capital (*e.g.*, issues of shares or other equity securities) or other corporate events (other than a change of control) to maintain the value of the PSUs outstanding.

Generally, in case of termination of employment, PSUs are forfeited without compensation. In certain circumstances, for example the termination of employment as a result of death, all PSU grants will vest with immediate effect on a pro-rata basis at target. Upon the occurrence of a corporate event (*e.g.*, change of control due to a merger), all unvested PSUs shall immediately vest at target. In the event of termination of employment due to retirement, PSUs are subject to a pro-rata vesting at the end of each of the applicable vesting period(s). Upon permanent disability, PSUs shall vest at the end of each of the applicable vesting period(s). If a participant’s employment is terminated without cause effective before the vesting date, any PSUs held will vest pro-rata at the end of each of the applicable vesting period(s).

The Plan further includes clawback provisions that allow for the cancellation or forfeiture of all or part of any unvested PSUs or, following vesting of any PSUs, the repayment for all or part of any vested PSUs, shares or cash settlements made under the Plan. These provisions apply in

cases where, *inter alia*, the participant (i) engages in any act or omission that is considered malfeasance, fraud or misconduct, (ii) materially breaches any legal or regulatory obligations and/or internal policy of PolyPeptide, and/or (iii) takes part in any specific conduct that leads (or substantially contributes) to the Company or PolyPeptide having to restate financial statements and / or an inaccurate assessment of any performance or other condition under the Plan pursuant to which the individual LTIP award was made.

### 5.1.4.3 2022 LTIP Plan Awards

During the course of 2022, the Remuneration and Nomination Committee considered the expansion of the LTIP to the full Executive Committee as well as other members of senior management. However, in light of PolyPeptide’s weak financial and operational performance, the Remuneration and Nomination Committee ultimately recommended that the Board of Directors not grant any long-term incentive awards for the financial year 2022. Raymond De Vré voluntarily agreed to waive his annual target value 2022 for the allocation of PSUs as set out in his employment agreement. The Remuneration and Nomination Committee plans to revisit this topic during the course of 2023.

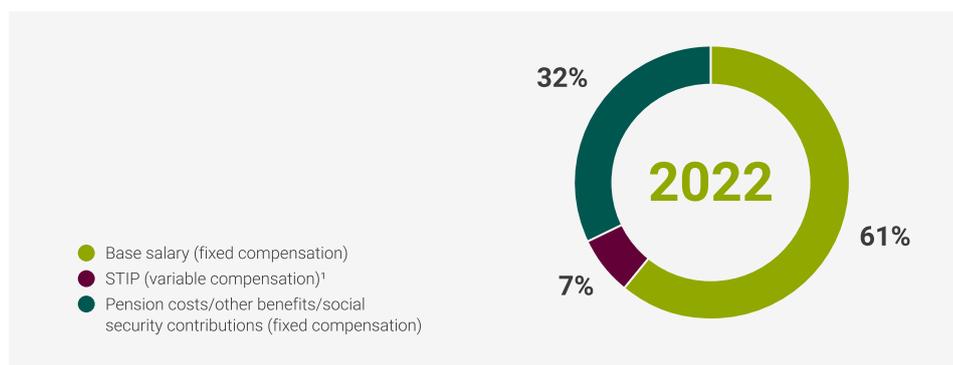
## 5.2 Compensation of the Executive Committee

### 5.2.1 Overview and performance assessment

For the year ended 31 December 2022, the Executive Committee received base salary, short-term variable compensation and pension and other benefits, in line with the remuneration framework described in [section 5.1 “Remuneration approach” of this Remuneration Report](#).

Overall, in 2022 total variable compensation of the CEO then in office (*i.e.*, STIP only) amounted to 4.2% of his total compensation and 4.4% of his total fixed compensation (*i.e.*, base salary, pension costs, other benefits and social security contributions). For the other members of the Executive Committee (excluding the CEO then in office), the total variable compensation (*i.e.*, STIP only) amounted to on average 7.1% of the total compensation and 7.6% of the total fixed compensation (*i.e.*, base salary, pension costs, other benefits and social security contributions). Below is a cumulative overview of the compensation received by the Executive Committee.

**Table 11: Breakdown of Executive Committee compensation**



<sup>1</sup> For the year ended 31 December 2022 only STIP awards, but no LTIP awards, were granted.

In light of PolyPeptide’s reported revenue decline of 0.4% and adjusted EBITDA decline of 56.2%, the STIP 2022 financial performance objectives just met the minimum threshold for growth, but were below the minimum threshold for profitability. With regard to the Global Balanced Scorecard objectives, the Group’s overall achievement was below the target. Upon recommendation of the Remuneration and Nomination Committee following its assessments of the respective individuals, the Board determined that the members of the Executive Committee had achieved between 50% and 100% of their respective personal objectives.

Table 12 illustrates the outcome of the STIP performance targets for 2022 (see [Table 9 in section 5.1.3.2 “2022 STIP” of this Remuneration Report](#) for an overview of the 2022 STIP performance objectives and weighting for the Executive Committee).

**Table 12: 2022 STIP performance of objectives**



<sup>1</sup> Executive Committee members other than the CEO.

Thus, under the STIP 2022, the combined payout for the financial, operational and individual performance targets is 10.4% of the STIP target incentive amount for the CEO then in office and between 18.7% and 28.7% of the STIP target incentive amounts for the other members of the Executive Committee in office during the period under review.

As noted above, the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, decided to defer all LTIP awards for 2022. Raymond De Vré voluntarily agreed to waive his annual target value 2022 for the allocation of PSUs as set out in his employment agreement.

## 5.2.2 Aggregate compensation of the Executive Committee

The following table shows the total aggregate compensation for the CEO (Raymond De Vré) then in office as the highest paid member of the Executive Committee during the period under review as well as the aggregate amount for the other members of the Executive Committee for the period from 1 January 2022 to 31 December 2022, including, *inter alia*, (i) the pro-rated compensation of Jens Fricke as new member of the Executive Committee effective 1 December 2022, (ii) the pro-rated compensation of Daniel Lasanow until he stepped down from the Executive Committee on 30 November 2022, (iii) the pro-rated compensation for the applicable portion of Daniel Lasanow's contractual 12-month notice period (which began on 30 November 2022 and will end on 30 November 2023) as well as the aggregate amount for the former members of the Executive Committee as described in greater detail in the notes to Table 13 below.

As announced on 30 January 2023, Raymond De Vré resigned as CEO. Mr. De Vré's contractual six-month notice period will end on 31 July 2023.

For the year ended 31 December 2022, the Executive Committee received total remuneration of CHF 3,116,537 (2021: CHF 6,160,787). This is an overall decrease of 49.4% compared to previous year, with the main changes explained in greater detail below.

**Table 13: 2022 Compensation of the Executive Committee**  
(1 January 2022 – 31 December 2022)

CHF	Raymond De Vré <sup>1</sup>	Other members of the Executive Committee <sup>8</sup>	Total
Base salary	475,000	1,434,405	<b>1,909,405</b>
Pension costs <sup>2</sup>	89,828	203,419	<b>293,248</b>
Other benefits <sup>3</sup>	24,000	293,995	<b>317,995</b>
Social security contributions <sup>4</sup>	82,588	312,014	<b>394,602</b>
<b>Total fixed compensation</b>	<b>671,416</b>	<b>2,243,833</b>	<b>2,915,249</b>
STIP bonus <sup>5</sup>	29,640	171,648	<b>201,288</b>
LTIP grant <sup>6</sup>	–	–	–
<b>Total compensation<sup>7</sup></b>	<b>701,056</b>	<b>2,415,480</b>	<b>3,116,537</b>

<sup>1</sup> As announced on 30 January 2023, Raymond De Vré resigned as CEO. Mr. De Vré's contractual six-month notice period will end on 31 July 2023.

<sup>2</sup> Reflects pension contributions made in the year ended 31 December 2022, including (i) estimated contributions in relation to STIP 2022 to be paid by 30 June 2023; (ii) differences in actual contributions paid in 2022 in relation to STIP 2021 compared to the estimated contributions in relation to STIP 2021; and (iii) contributions in relation to the 4,882 shares that vested as of 1 June 2022 and 1,838 shares that vested as of 1 July 2022 that were granted to Raymond De Vré as part of his transition compensation for the loss of options and other entitlements (including bonuses) from termination of his previous employment agreement. For further information, see "[Additional Commentary—Other benefits](#)" of this Remuneration Report and [section 5.2.2 "2021 aggregate compensation of the Executive Committee"](#) of the Remuneration Report 2021.

<sup>3</sup> Other benefits may include company car or car allowance, health coverage, variable vacation supplement, local profit-sharing schemes, etc. and, where relevant, relocation-related and international benefits, such as executive benefits allowance, tax advisory services, etc. The amounts reflected also include (i) estimated Other benefits due in relation to STIP 2022 to be paid by 30 June 2023; (ii) differences in actual Other benefits due in 2022 in relation to STIP 2021 compared to the estimated Other benefits in relation to STIP 2021; (iii) local profit-sharing paid in 2022 in relation to 2021 employment, where applicable.

<sup>4</sup> Reflects social security contributions made in the year ended 31 December 2022, including (i) estimated contributions in relation to STIP 2022 to be paid by 30 June 2023; (ii) differences in actual contributions paid in 2022 in relation to STIP 2021 compared to the estimated contributions in relation to STIP 2021; and (iii) social security contributions in relation to the 4,882 shares that vested as of 1 June 2022 and 1,838 shares that vested as of 1 July 2022 that were granted to Raymond De Vré as part of his transition compensation for the loss of options and other entitlements (including bonuses) from termination of his previous employment agreement. For further information, see "[Additional Commentary—Other benefits](#)" of this Remuneration Report and [section 5.2.2 "2021 aggregate compensation of the Executive Committee"](#) of the Remuneration Report 2021.

<sup>5</sup> Includes (i) the STIP to be paid by 30 June 2023; and (ii) differences in actual STIP 2021 paid in 2022 compared to the estimated STIP 2021 due to, *inter alia*, currency rate fluctuations.

<sup>6</sup> This line item reflects new LTIP awards made in the respective financial year. The Board of Directors, upon recommendation of the Remuneration and Nomination Committee, decided to defer all LTIP awards for 2022. Raymond De Vré voluntarily agreed to waive his contractual right to an LTIP award in 2022.

## Remuneration Report

<sup>7</sup> All compensation amounts are disclosed in gross amounts. Amounts converted to CHF from other currencies are translated at the weighted average exchange rates for the year ended 31 December 2022.

<sup>8</sup> Reflects the compensation of the other members of the Executive Committee for the period from 1 January 2022 to 31 December 2022 as follows: (i) compensation for Jan Fuhr Miller, Christina Del Vecchio and Neil Thompson, (ii) the pro-rated compensation of Jens Fricke as new member of the Executive Committee effective 1 December 2022, (iii) the pro-rated compensation of Daniel Lasanow until he stepped down from the Executive Committee on 30 November 2022, (iv) the pro-rated compensation for the applicable portion of Daniel Lasanow's contractual 12-month notice period, which began on 30 November 2022 and will end on 30 November 2023, (v) amounts paid to Jan Christensen who stepped down from the Executive Committee on 31 December 2021, but continued working full-time for the Group as a Director in the Global Sales & Marketing team until 30 September 2022, and (vi) amounts paid to Jane Salik in 2022 in relation to compensation due to her for services performed prior to stepping down from the Executive Committee on 17 August 2021.

**Table 14: 2021 Compensation of the Executive Committee**  
(1 January 2021 – 31 December 2021)

The following table shows the total aggregate compensation for the CEO (the highest paid members of the Executive Committee during the respective periods) as well as the aggregate amount for the other members of the Executive Committee (i.e., excluding the CEO) for the period from 1 January 2021 to 31 December 2021.

CHF	Jane Salik <sup>1</sup>	Raymond De Vré <sup>2</sup>	Other members of the Executive Committee	Total
Base salary	251,209	356,250	1,066,620	<b>1,674,079</b>
Pension costs	12,297	73,221	217,306	<b>302,824</b>
Other benefits <sup>3</sup>	30,880	1,173,147 <sup>4</sup>	371,955 <sup>5</sup>	<b>1,575,982</b>
Social security contributions <sup>6</sup>	8,077	61,012	328,051	<b>397,140</b>
<b>Total fixed compensation</b>	<b>302,463</b>	<b>1,663,630</b>	<b>1,983,932</b>	<b>3,950,025</b>
STIP bonus	197,471	280,041	437,153	<b>914,665</b>
LTIP grant <sup>7</sup>	–	1,296,097	–	<b>1,296,097</b>
<b>Total compensation<sup>8</sup></b>	<b>499,934</b>	<b>3,239,768</b>	<b>2,421,085</b>	<b>6,160,787</b>

<sup>1</sup> Jane Salik served as CEO from 1 January 2021 until 29 April 2021 and then as member of the Executive Committee until 17 August 2021. Ms. Salik also received an IPO Recognition Bonus granted and funded (or reimbursed, as the case may be) by Draupnir Holding B.V. (as selling shareholder). For detailed information on the IPO Recognition Bonus, see [section 6 "IPO Recognition Bonus" of the Remuneration Report 2021](#).

<sup>2</sup> Raymond De Vré served as CEO-elect and member of the Executive Committee as of 1 April 2021 and CEO as of 29 April 2021. As announced on 30 January 2023, Mr. De Vré resigned as CEO, and his contractual six-month notice period will end on 31 July 2023.

<sup>3</sup> Other benefits may include company car or car allowance, health coverage, variable vacation supplement, local profit-sharing schemes etc. and, where relevant, relocation related and international benefits, such as executive benefits allowance, tax advisory services, etc. For information regarding the IPO Recognition Bonus that eligible members of the Executive Committee received and that was granted and funded (or reimbursed, as the case may be) by Draupnir Holding B.V. (as the selling shareholder), see [section 6 "IPO Recognition Bonus" of the Remuneration Report 2021](#).

<sup>4</sup> In addition to other applicable benefits, Raymond De Vré received transition compensation for the loss of options and other entitlements (including bonuses) from termination of his previous employment agreement. For further information, see ["Additional Commentary—Other benefits" of this Remuneration Report](#) and [section 5.2.2 "2021 aggregate compensation of the Executive Committee" of the Remuneration Report 2021](#).

<sup>5</sup> A member of the Executive Committee received a one-time IPO Appreciation Bonus in the form of cash funded by PolyPeptide in acknowledgement of the substantial time commitment involved in the preparation and execution of the IPO.

<sup>6</sup> The social security contributions for LTIP awards are not included as they are only due at vesting; they are expected to trigger employer social security costs up to 7% of the gain at vesting.

<sup>7</sup> Fair value at grant date in accordance with IFRS 2 (see also [note 4 "Share-based payment" of the consolidated financial statements in the Financial Report 2021](#)). For the year ended 31 December 2021, the only recipient under the LTIP was Raymond De Vré. The LTIP value at vesting may vary based on performance outcomes and the share price at the time of vesting.

<sup>8</sup> All compensation amounts are disclosed in gross amounts. Amounts converted to CHF from other currencies are translated at the weighted average exchange rates for the year ended 31 December 2021.

### Additional commentary

The summaries below provide additional commentary with regard to the changes in the composition of the remuneration paid to the Executive Committee in 2022 as compared to 2021:

**Composition of the Executive Committee:** Table 13 reflects the remuneration of the members of the Executive Committee (i.e., including the CEO) for the period from 1 January 2022 to

31 December 2022. Neil Thompson joined the Executive Committee as of 1 January 2022, succeeding Jan Christensen. Daniel Lasanow served as a member of the Executive Committee until 30 November 2022, and Jens Fricke joined the Executive Committee as of 1 December 2022 as his successor. Thus, the totals reflected in Table 13 include, *inter alia*, (i) the pro-rated compensation of Jens Fricke as new member of the Executive Committee effective 1 December 2022, (ii) the pro-rated compensation of Daniel Lasanow until he stepped down from the Executive Committee on 30 November 2022, (iii) the pro-rated compensation for the applicable portion of Daniel Lasanow's contractual 12-month notice period, which began on 30 November 2022 and will end on 30 November 2023, (iv) amounts paid to Jan Christensen who stepped down from the Executive Committee on 31 December 2021, but continued working full-time for the Group as a Director in the Global Sales & Marketing team until 30 September 2022, and (v) amounts paid to Jane Salik in 2022 in relation to compensation due to her for services performed prior to stepping down from the Executive Committee on 17 August 2021.

Table 14 reflects the remuneration of the members of the Executive Committee for the period from 1 January 2021 to 31 December 2021, including the remuneration paid to (i) Jane Salik who served as CEO from 1 January 2021 until 29 April 2021 and then as member of the Executive Committee until 17 August 2021, (ii) Raymond De Vré as member of the Executive Committee as of 1 April 2021, (iii) Christina Del Vecchio who joined the Executive Committee on 1 September 2021, (iv) Jan Christensen who served on the Executive Committee until 31 December 2021, and (v) Jan Fuhr Miller and Daniel Lasanow who both served on the Executive Committee for the full year 2021.

The total compensation of successors joining the Executive Committee during 2022 is generally commensurate with their predecessors' total compensation, with some variations due to applicable social security, pension, Other benefits, etc.

**Base salary:** The variance in base salary between 2021 and 2022 (an increase of 14.1%) is due to the changes in the composition of the Executive Committee as well as the payment made to former members of the Executive Committee, as described above. Excluding the new Executive Committee members who joined on 1 January 2022 and 1 December 2022, respectively, the base salaries for the other Executive Committee members did not change in 2022 as compared to 2021.

**Other benefits:** Other benefits decreased by 79.8% in 2022 as compared to 2021. As described in Remuneration Report 2021, in addition to applicable Other benefits (i.e., company car or car allowance, health coverage, variable vacation supplement, local profit-sharing schemes etc. and, where relevant, relocation related and international benefits), Raymond De Vré received a one-time grant of shares at a value of CHF 750,000, which were calculated at a 20% discount to the IPO offer price (i.e., CHF 64) as compensation for the loss of unvested options from his previous employer. The shares were subject to continuous employment at the Group and were to vest over a period of three years, one-third each year starting in June 2022. To further compensate Mr. De Vré for his loss of variable payments for 2020 and 2021 from his previous employer, he received CHF 100,000 in cash and CHF 100,000 in shares at 15% discount to the IPO offer price (i.e., CHF 64). In 2021, Mr. De Vré was paid and / or granted, as the case may be, CHF 1,155,147 for loss of options and other entitlements (including bonuses) from termination of his previous employment agreement. The value of the shares was calculated at the fair value at grant date in accordance with IFRS 2. As announced on 30 January 2023, Mr. De Vré resigned as CEO, and his contractual six-month notice period will end on 31 July 2023. As a result, shares subject to vesting on 1 June 2023 will vest, whereas the shares subject to vesting on 1 June 2024 will lapse and be forfeited. In addition, and as described in Remuneration Report 2021, a member of the Executive Committee received a one-time IPO Appreciation Bonus in the form of cash funded by PolyPeptide in acknowledgement of the substantial time commitment involved in the preparation and execution of the IPO.

For the year ended 31 December 2022, no such similar "Other benefits" were awarded.

**STIP:** The total payout under the STIP in 2022 is 78.0% lower than in 2021, reflecting the lower performance levels as described in [section 5.2.1 "Overview and performance assessment" of this Remuneration Report](#). The comparison of the total payouts in 2022 as compared to 2021 is further impacted by the changes to the composition of the Executive Committee, as described above. Minor differences in actual STIP 2021 paid in 2022 compared to the estimated STIP 2021 due to, *inter alia*, currency rate fluctuations are reflected in Table 13.

**LTIP:** The Board of Directors, upon recommendation of the Remuneration and Nomination Committee, decided to defer all LTIP awards for 2022. Raymond De Vré voluntarily agreed to waive his contractual right to an LTIP award in 2022.

#### Reconciliation of compensation to shareholder resolutions

For the year ended 31 December 2021, the EGM 2021 approved a maximum aggregate amount of fixed and variable compensation for the Executive Committee of CHF 7,000,000 (including all employee and employer social security and pension contributions). Christina Del Vecchio joined the Executive Committee after the EGM 2021; however, no additional compensation amount in excess of that approved by the EGM 2021 has been paid, since the approved aggregate amount of compensation for the financial year 2021 was sufficient to compensate this newly appointed member.

For the year ended 31 December 2022, the EGM 2021 approved a maximum aggregate amount of fixed and variable compensation for the Executive Committee of CHF 7,000,000 (including all employee and employer social security and pension contributions). Jens Fricke and Neil Thompson joined the Executive Committee after the EGM 2021; however, no additional compensation amount in excess of that approved by the EGM 2021 has been paid, since the approved aggregate amount of compensation for the financial year 2022 was sufficient to compensate these newly appointed members to previously existing roles. The sum of the total fixed and variable compensation paid to the Executive Committee (including the CEO then in office) for the relevant period from 1 January 2022 to 31 December 2022 amounts to CHF 3,116,537 (including all employee and employer social security and pension contributions). It is thus within the limits of the amount approved by the extraordinary shareholders' meeting for the same period.

Table 15 below shows the reconciliation between the compensation that has been paid / granted for the respective term of office and the maximum aggregate amount approved by the general meeting:

**Table 15: Compensation approved and compensation paid / granted for the members of the Executive Committee**

	Total compensation granted	Maximum aggregate amount available	Status
1 January 2021 – 31 December 2021	CHF 5,005,640 <sup>1,2</sup>	CHF 7,000,000	Approved EGM 2021
1 January 2022 – 31 December 2022	CHF 3,116,537	CHF 7,000,000	Approved EGM 2021
1 January 2023 – 31 December 2023	–	CHF 7,000,000	Approved AGM 2022

<sup>1</sup> The amount presented excludes the CHF 1,155,147 that Raymond De Vré was paid and / or granted, as the case may be, for loss of options and other entitlements (including bonuses) from termination of his previous employment agreement. The EGM 2021 approved the transition compensation for Mr. De Vré in the amount of CHF 1.4 million. In addition, the amount presented does not include the IPO Recognition Bonus received by eligible members of the Executive Committee granted and funded (or reimbursed, as the case may be) by Draupnir Holding B.V. (as the selling shareholder). For detailed information on the IPO Recognition Bonus, see [section 6 "IPO Recognition Bonus" of the Remuneration Report 2021](#).

<sup>2</sup> The actual compensation granted to members of the Executive Committee may vary depending on the actual payouts under the LTIP 2021. The number of PSUs vesting will depend on the achievements against targets at the end of the three-year performance period. The number of shares vested will be disclosed in the Remuneration Report of the respective financial year where vesting occurs.

### 5.3 Loans, credits and related-party compensation

In accordance with [art. 28 of the Articles of Association](#), no loans or credits were directly or indirectly granted or outstanding as at 31 December 2022 or 31 December 2021, respectively, to current members of the Executive Committee. In addition, no granted loans or credits were still outstanding as at 31 December 2022 or 31 December 2021, respectively, to former members of the Executive Committee.

For the years ended 31 December 2022 and 31 December 2021, respectively, no compensation was directly or indirectly paid or granted to persons closely associated with current or former members of the Executive Committee. In addition, no loans or credits were directly or indirectly

## Remuneration Report

granted or outstanding as at 31 December 2022 or 31 December 2021, respectively, to persons closely associated with current or former members of the Executive Committee.

For the related party transactions, refer to [note 22 "Related parties" of the consolidated financial statements in the Financial Report 2022](#).

## 6 Ownership of shares and options

The members of the Board of Directors and Executive Committee reflected in the table below held 0.2% of the outstanding shares as at 31 December 2022 and 0.2% as at 31 December 2021. Other than as indicated in the table below, no persons or entities closely associated with members of the Board of Directors or Executive Committee held any shares as of 31 December 2022 or 31 December 2021, respectively. Table 16 does not include any unvested PSUs.

**Table 16: Shares held by members of the Board of Directors and the Executive Committee**

Name	Role	Shares held as at 31 December 2022	Shares held as at 31 December 2021
<b>Board of Directors<sup>1</sup></b>			
Peter Wilden	Chairman	8,402	1,658
Patrick Aebischer	Vice-Chairman, Lead Independent Director	5,318	1,105
Erik Schropp <sup>2</sup>	Member	3,193	3,193
Jane Salik	Member	19,553	17,737
Beat In-Albon	Independent Member	4,787	995
Philippe Weber	Independent Member	5,835	1,225
<b>Executive Committee</b>			
Raymond De Vré <sup>3</sup>	CEO	16,486	16,486
Jan Fuhr Miller	CFO	7,767	7,767
Jan Christensen <sup>4</sup>	Director Global Sales and Marketing	n/a	7,767
Daniel Lasanow <sup>5</sup>	Director Global Operations	7,767	7,767
Christina Del Vecchio	General Counsel	–	–
Neil James Thompson <sup>6</sup>	Director Global Sales and Marketing	1,122	1,122
Jens Fricke <sup>7</sup>	Director Global Operations	1,380	1,380

<sup>1</sup> Any shares delivered to Board members in connection with their compensation are blocked for a period of three years from the date of grant.

<sup>2</sup> Erik Schropp is a director of Draupnir Holding B.V. (one of the Company's significant shareholders, see [section 1.2 "Significant shareholders" of the Corporate Governance Report 2022](#)).

<sup>3</sup> 9,766 shares were subject to vesting periods and continuous employment at the Group. Specifically, 4,883 shares were to vest as of 1 June 2023 and 4,883 shares were to vest as of 1 June 2024, respectively. As announced on 30 January 2023, Raymond De Vré resigned as CEO, and his contractual six-month notice period will end on 31 July 2023. As a result, shares subject to vesting on 1 June 2023 will vest, whereas the shares subject to vesting on 1 June 2024 will lapse and be forfeited.

<sup>4</sup> Member of the Executive Committee until 31 December 2021.

<sup>5</sup> Member of the Executive Committee until 30 November 2022.

<sup>6</sup> Member of the Executive Committee as of 1 January 2022.

<sup>7</sup> Member of the Executive Committee as of 1 December 2022.

As of 31 December 2022, Raymond De Vré held a total of 6,606 PSUs with respect to grants made under the LTIP in 2021. As announced on 30 January 2023, Mr. De Vré resigned as CEO, and his contractual six-month notice period will end on 31 July 2023.

There were no LTIP awards made in 2022.

As of 31 December 2022, none of the members of the Board of Directors or the Executive Committee, or any persons closely associated with any member, held any stock options.

## 7 Other remuneration-related information under the CO

For the reporting period, no compensation other than as described in this Remuneration Report was paid or granted to former or current members of the Board of Directors or the Executive Committee. For the avoidance of doubt, remuneration paid to former Executive Committee members in the year ended 31 December 2022 is included in the remuneration in [section 5.2.2 "Aggregate compensation of the Executive Committee"](#) of this Remuneration Report.

## 8 Activities in other companies

For detailed information regarding the activities of the Board of Directors and Executive Committee in other companies, refer to [section 3.1 "Members of the Board of Directors"](#) and [section 4.1 "Members of the Executive Committee"](#), respectively, of the Corporate Governance Report 2022.



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## REPORT OF THE STATUTORY AUDITOR

To the general meeting of PolyPeptide Group AG, Baar

### Report on the Audit of the Remuneration Report

#### Opinion

We have audited the Remuneration Report of PolyPeptide Group AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) contained in table 5 "2022 Compensation of the Board of Directors (1 January 2022 - 31 December 2022)" on page 100, section 4.3 "Loans, credits and related-party compensation" on page 102, table 13 "2022 Compensation of the Executive Committee (1 January 2022 - 31 December 2022)" on page 111, and section 5.3 "Loans, credits and related-party compensation" on page 114/115 of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the Remuneration Report (pages 87 to 118) complies with Swiss law and Art. 14-16 VegüV.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Remuneration Report* section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables in the Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Board of directors' Responsibilities for the Remuneration Report

The board of directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the board of directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The board of directors is also responsible for designing the remuneration system and defining individual remuneration packages.

BDO Ltd, a limited company under Swiss law, incorporated in Zurich, forms part of the international BDO Network of independent member firms.



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#### Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

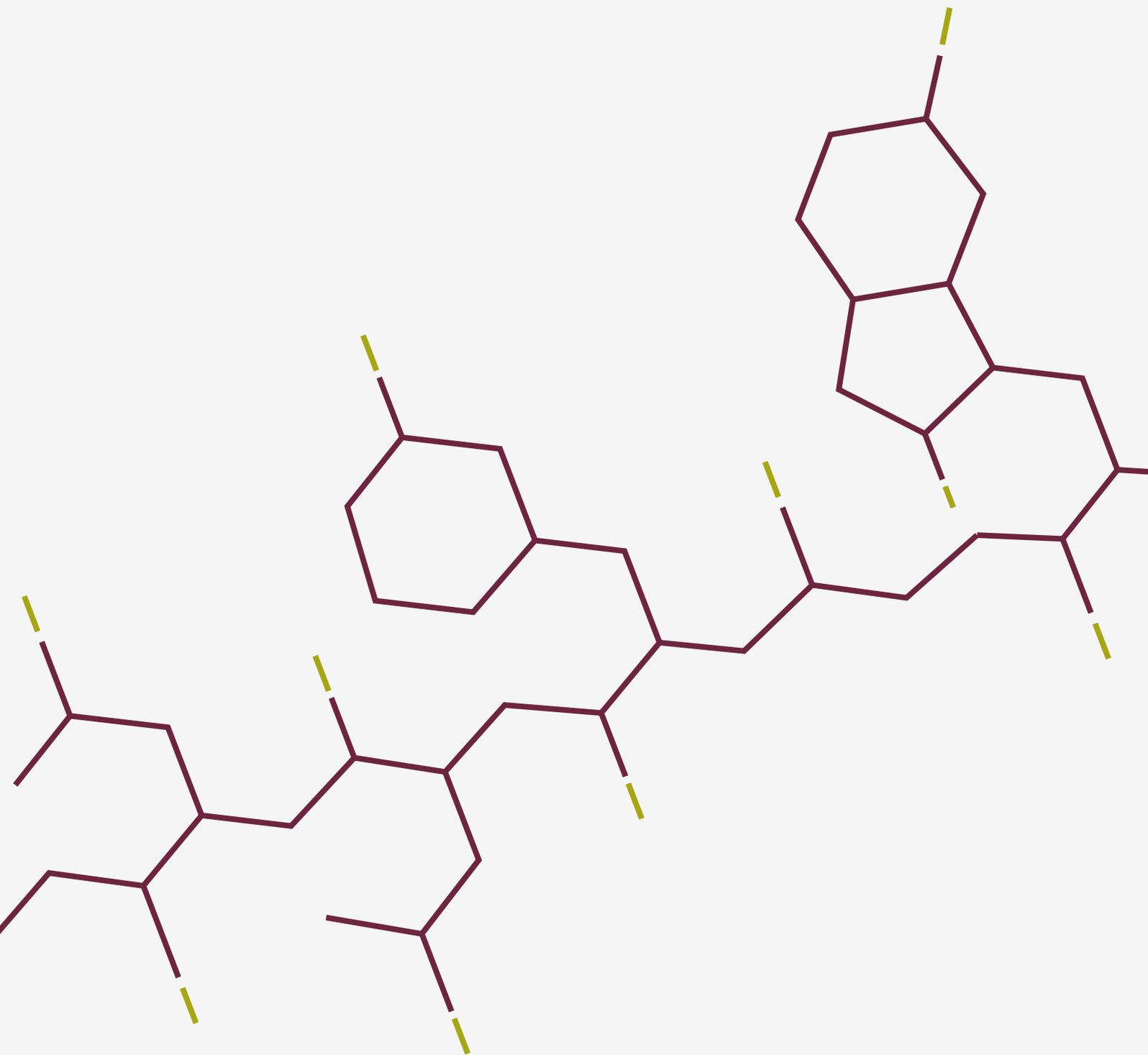
Zurich, 9 March 2023

BDO Ltd

René Füglistner  
Licensed Audit Expert  
Auditor in Charge

ppa. Jan Trautwein  
Licensed Audit Expert

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