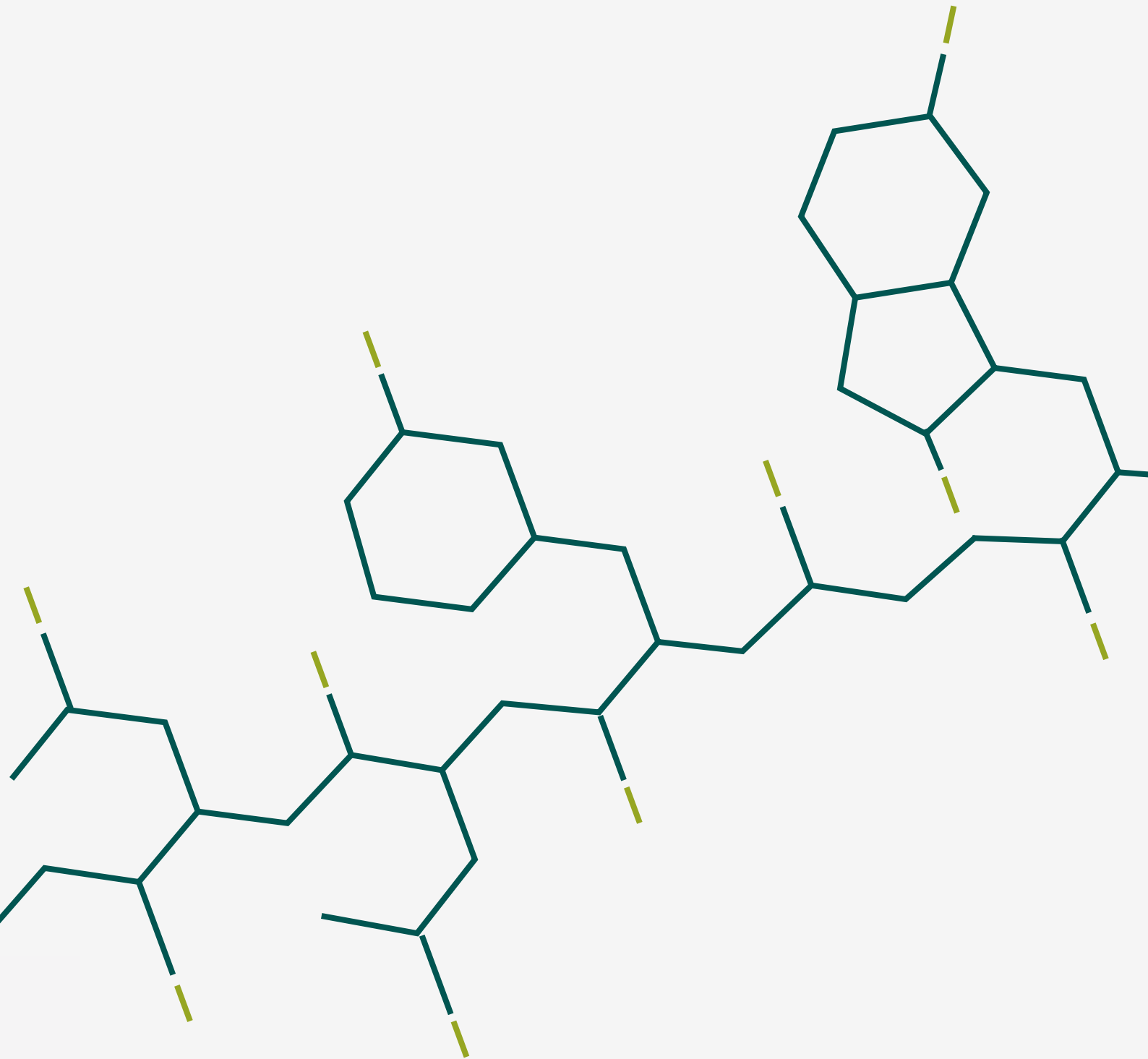


23

ANNUAL REPORT

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Letter from the Chair of the Remuneration and Nomination Committee



Philippe Weber
Chair of the Remuneration and Nomination Committee

Dear Shareholders,

I am pleased to share with you PolyPeptide's Remuneration Report for 2023. This was a transformational year for PolyPeptide, one in which the Board of Directors, with the support of the Remuneration and Nomination Committee, focused on repositioning the Group for growth. A major focus area for the Remuneration and Nomination Committee in 2023 was the Group's leadership team, with PolyPeptide experiencing significant transition among the members of the Executive Committee.

The Remuneration and Nomination Committee led the search for the new CEO and was committed to identifying a candidate who had the leadership skills and relevant experience to drive PolyPeptide's growth and expansion plans. In April 2023, the Board of Directors, following the Remuneration and Nomination Committee's recommendation, was pleased to announce the appointment of Juan José González as the Group's new CEO. The Remuneration and Nomination Committee is convinced that with his track record and broad background in different healthcare sectors and geographies, Mr. González has the right set of skills, experience and vision to lead PolyPeptide. At the same time, the Group announced that its then current CFO had resigned, with Lalit Ahluwalia assuming the role of CFO ad interim. The Remuneration and Nomination Committee embarked on a further executive search and was pleased to recommend Marc Augustin to the Board of Directors as the Group's new CFO in August 2023. The Remuneration and Nomination Committee strongly believes that Mr. Augustin's background in a high-growth CDMO environment with deep finance and operational experience will prove highly valuable as PolyPeptide continues to scale up its operations. During the search for a new CEO and the subsequent transition period, the Chair of the Board of Directors and member of the Remuneration and Nomination Committee, Dr. Peter Wilden, assumed the role of Executive Chair. The Remuneration and Nomination Committee thanks Dr. Wilden for accepting the additional responsibilities during this critical time for PolyPeptide.

Overall, the transition among the Group's top management from late 2022 onwards required significant engagement from the Remuneration and Nomination Committee to ensure the appropriate identification and successful recruitment of candidates. These efforts also included a review of the remuneration structures used for executive management. As a result of these personnel changes, 2023 was a year of transition in terms of executive remuneration as well, as further described in this Remuneration Report (see Table 13 as well as the accompanying commentary).

Remuneration Report

In addition to focusing on succession within the Group's Executive Committee, the Remuneration and Nomination Committee performed its regular compensation-related activities in the reporting year. They included the annual review of the Group's remuneration programs, analysis of an updated compensation benchmark desk research for the Board of Directors, performance goal setting for the Executive Committee and the performance assessment at year-end. The Remuneration and Nomination Committee also recommended the remuneration for the members of the Board of Directors and Executive Committee, while also preparing this Remuneration Report and the say-on-pay votes for the annual general meeting. This Remuneration Report contains further details on the activities of the Remuneration and Nomination Committee throughout 2023.

One high priority for the Remuneration and Nomination Committee, and its entrusted material ESG topic, is PolyPeptide's "People". PolyPeptide's employees are one of its most important assets, and it strives to offer employees a fair, inclusive, and respectful work environment with development opportunities. PolyPeptide aims to be an employer of choice in its sector, an ambition that requires a compensation framework designed to attract, motivate and retain the qualified talent PolyPeptide needs to succeed globally. Going forward, the Remuneration and Nomination Committee will work with the Group's Chief Human Resources Officer to further strengthen PolyPeptide's attractiveness and retention of existing and future talents, drive fair and equitable remuneration policies and practices aligned with PolyPeptide's sustainability ambitions as well as its diversity, inclusion and well-being initiatives. These efforts are also expected to enhance PolyPeptide's performance and yield excellent returns for shareholders.

Looking ahead to 2024, the Remuneration and Nomination Committee will continue to proactively assess and review the Group's remuneration programs to ensure that they are fit for purpose in the interconnected world in which PolyPeptide operates, remaining competitive and rewarding individual performance, competence and desired behaviors in line with PolyPeptide's values and leadership principles. Throughout 2024, we plan to revise the structure and eligible pool of participants for the Group's long-term incentive program, with the goal of recalibrating performance targets to support PolyPeptide's key strategic ambitions. Applicable changes to the long-term incentive plan in 2024 will be described in PolyPeptide's Remuneration Report for 2024.

We also appreciate the importance of ESG topics to all stakeholders and as PolyPeptide develops its sustainability targets further, the Remuneration and Nomination Committee is committed to further aligning the targeting and fulfillment of these sustainability objectives with the variable remuneration of PolyPeptide's management.

We encourage candid dialogue with PolyPeptide's shareholders as we continue to evolve and improve PolyPeptide's remuneration structure. At the annual general meeting in April 2024, you will have the opportunity to express your opinion on PolyPeptide's remuneration policies, principles and elements through a consultative vote on this Remuneration Report. We will also be seeking 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 2025 and (ii) to the Executive Committee for the financial year 2025. We respectfully request your endorsement of these agenda items at the annual general meeting in April 2024.

On behalf of the Board of Directors and the Remuneration and Nomination Committee, I would like to thank you for your trust and your ongoing support during this period of transformation.

Sincerely,

Philippe Weber

Chair of the Remuneration and Nomination Committee

Remuneration Report 2023

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 Code of Obligations ("CO"), the Company'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*.¹

All information within this Remuneration Report 2023 refers to the Company's organization, Articles of Association² and Organizational Regulations³ that were in effect as of 31 December 2023 (unless otherwise stated).

¹ In its version as approved by the board of *economiesuisse* on 14 November 2022.

² PolyPeptide Group AG's Articles of Association are available at <https://www.polypeptide.com/investors/results-center/>.

³ PolyPeptide Group AG's Organizational Regulations are available at <https://www.polypeptide.com/investors/results-center/>.

1 Remuneration governance

1.1 Articles of Association

Our [Articles of Association](#)⁴ include the principles governing remuneration. The key provisions are summarized below.

Table 1: Articles of Association

<p>Votes on compensation</p> <p><i>Article 13</i></p>	<p>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.</p>
<p>Principles of compensation Board of Directors</p> <p><i>Article 25 para. 1</i></p>	<p>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 chair positions 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.</p>
<p>Additional services by Directors</p> <p><i>Article 25 para. 3</i></p>	<p>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.</p>
<p>Principles of compensation Executive Committee</p> <p><i>Article 26 para. 1</i></p>	<p>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.</p>
<p>Short-term and long-term variable compensation</p> <p><i>Article 26 paras 2-4</i></p>	<p>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 set in advance by the Board of Directors.</p>
<p>Agreements related to compensation, maximum contract terms and non-compete terms of the Executive Committee</p> <p><i>Article 24</i></p>	<p>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 average compensation paid to such member during the last three financial years.</p>

Additional compensation for new members of the Executive Committee

Article 29

If newly appointed 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 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.

Loans, credits and pension benefits

Article 28 para. 1

The Company shall not grant loans, credits, pension benefits (other than in the context of occupational pension) or securities to current or former members of the Board of Directors or the Executive Committee or to persons closely associated with them. 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.

In addition, our [Organizational Regulations](#)⁵, 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.

⁴ PolyPeptide Group AG's Articles of Association are available at <https://www.polypeptide.com/investors/results-center/>.

⁵ PolyPeptide Group AG's Organizational Regulations are available at <https://www.polypeptide.com/investors/results-center/>.

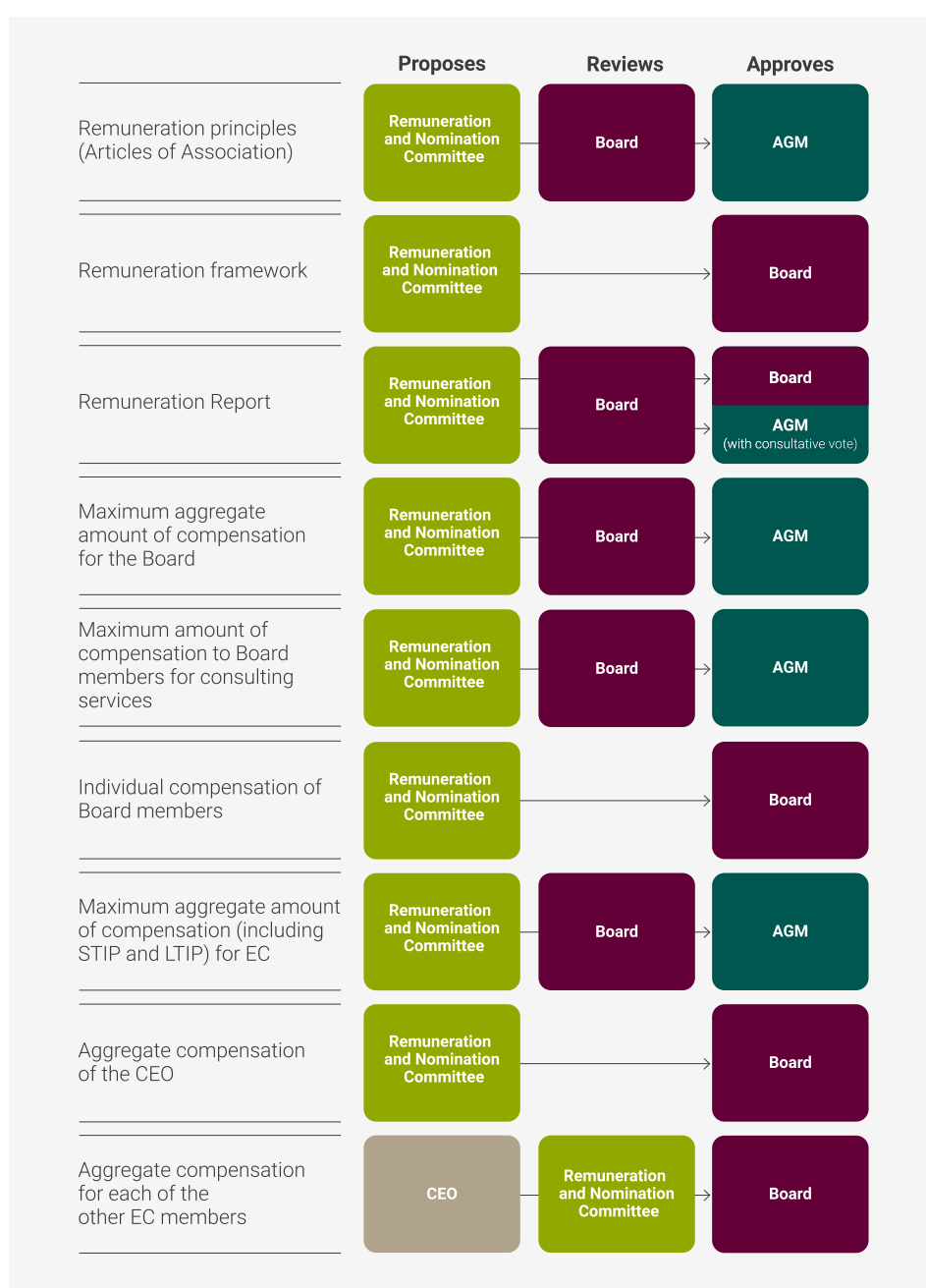
1.2 Role and activities of the Board of Directors and shareholders

As provided for in the CO 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, the Remuneration and Nomination Committee and the CEO is illustrated below.

Table 2: Responsibilities regarding compensation decisions

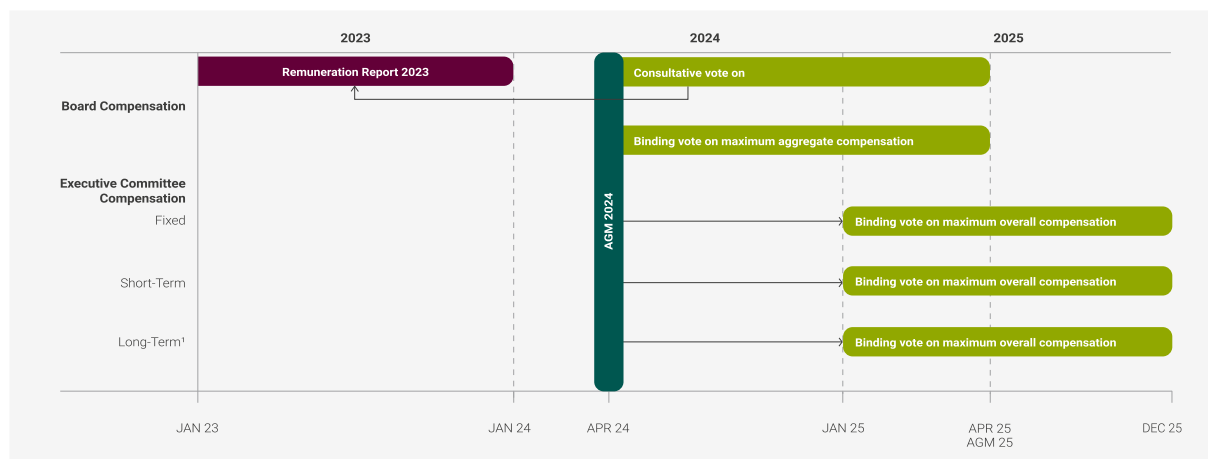


The Board of Directors will submit two separate compensation-related resolutions for shareholder approval at the upcoming general meeting 2024 (“AGM 2024”):

- 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 general meeting in 2025); and
- The maximum overall compensation of the Executive Committee (fixed and variable components) for the financial year 2025.

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 2024



¹ 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 submit the proposals regarding compensation for retrospective approval at the next general meeting.

At the general meeting 2023 (“AGM 2023”), 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 general meeting in 2024) 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 2024 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 meeting (*i.e.*, until the general meeting in 2024) in the amount of CHF 200,000.

In addition, shareholders approved the Remuneration Report 2022 in a consultative vote. For a reconciliation of approved compensation for the Board of Directors versus the estimated awarded amounts until the AGM 2024, 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 2023, 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 acts in advisory and preparatory capacities and has no decision-making authority of its own (unless provided with such authority by a special resolution of the Board of Directors). The Board of Directors remains ultimately responsible for the tasks delegated to the Remuneration and Nomination Committee by Swiss law, the Articles of Association or the Organizational Regulations.

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 chair of the Remuneration and Nomination Committee is independent and is appointed by the Board of Directors. As of 31 December 2023, the Remuneration and Nomination Committee consisted of two members: Philippe Weber (chair) and Peter Wilden.⁶

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 2023, 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 one and a half (1.5) 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 chair of the Remuneration and Nomination Committee provides the full Board of Directors at their ordinary meetings 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 communicates periodically with and may invite to meetings 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. The Remuneration and Nomination Committee did not work with HCM International in 2022, but engaged HCM International again in 2023 to assist with the recalibration of the performance targets under the long-term incentive program. Any changes to the long-term incentive plan in 2024 will be disclosed in the Remuneration Report 2024. HCM International did not have any additional mandates at PolyPeptide in 2021, 2022 or 2023.

⁶ The AGM 2023 confirmed the re-election of Philippe Weber and Peter Wilden as members of the Remuneration and Nomination Committee.

Remuneration Report

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 did not provide any benchmark services in 2023. However, WTW provided additional advisory services to the Group in 2022 and 2023, 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 did 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 2023:

Review of remuneration principles, strategy and structure

- General review and assessment of the continued appropriateness of PolyPeptide’s remuneration principles, strategy and structure
- Review of compensation proposals for the Board of Directors and Executive Committee for AGM 2023
- Review and initiation of the redesign of PolyPeptide’s long-term incentive program (LTIP), with a focus on the performance targets
- Review of shareholders’ and proxy advisors’ feedback on the Remuneration Report 2022
- Review of the structure and approach to the Remuneration Report 2023, including analysis on remuneration disclosure

Compensation of the Board of Directors

- Preparation of compensation proposals for AGM 2023 for the Board of Directors
- Review of the results of the internal benchmark desk research for the Board of Directors

Compensation of the Executive Committee

- Review and preparation of proposals to the Board regarding the achievement of the 2022 variable short-term incentive for the members of the Executive Committee, including individual performance appraisal
- Review and preparation of proposals to the Board regarding individual performance targets and weighting for the 2023 variable short-term incentive for the members of the Executive Committee
- Review and preparation of proposals to the Board regarding performance targets for the 2023 variable long-term incentive award for the CEO
- Preparation of compensation proposals for AGM 2023 for the Executive Committee

Succession and governance

- Oversight of the recruitment and new appointments to the Executive Committee
- Review of succession planning at PolyPeptide
- Review of the results of the self-assessments of the Board of Directors and its Committees
- General update on corporate governance trends and best practices as well as relevant regulatory developments
- Review of shareholder analysis and outreach
- Update on human capital management, including the Group’s human resources mid- and long-term plan and an overview of key people analytics
- Review of material ESG 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 2023](#).

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 and to support compensation recommendations to the Board of Directors, the Remuneration and Nomination Committee undertook a comprehensive benchmark review of the compensation of the Board of Directors and the Executive Committee in 2022. For the Board of Directors, the Remuneration and Nomination Committee initially conducted an internal desktop review of board compensation for thirteen similarly sized Swiss SIX-listed peers (e.g., considering sector, employee base, revenue and market capitalization).⁷ 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.⁸ Within the SMIM peer group at the time of the analysis in 2022, PolyPeptide was positioned between the tenth and twenty-fifth percentile. The combined benchmarking analyses showed that PolyPeptide was positioned comparably to its peers with regards to level and structure of the Board of Directors' compensation package.

⁷ The similarly sized Swiss peer group comprised 13 companies in 2022: 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.

⁸ 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.

In 2023, the Remuneration and Nomination Committee conducted an updated internal desktop review of board compensation of similarly sized Swiss SIX-listed peers comparable to its 2022 review (e.g., considering sector, employee base, revenue and market capitalization).⁹ This updated internal review showed that PolyPeptide was positioned between the tenth and twenty-fifth percentile within this Swiss peer group. Driven in large part by the decline in PolyPeptide's market capitalization, the Remuneration and Nomination Committee acknowledged the corresponding decline in peer group positioning as well as the comparably higher positioning of PolyPeptide's aggregate Board remuneration. At the same time, the Remuneration and Nomination Committee remained focused on the Group's strategic ambitions and the need to retain and attract highly qualified Directors to drive PolyPeptide's transformation and future growth. In addition, at least half of the Board's remuneration is paid in shares, thus closely aligning the Board's interest with that of the Company's shareholders to drive PolyPeptide's success (see also section 4.1 "Remuneration approach" of this Remuneration Report). As a result, the Remuneration and Nomination Committee concluded that no proposed changes to the remuneration of the Board of Directors were currently warranted.

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.¹⁰ 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 in 2022 and based on data from WTW's existing database, PolyPeptide was positioned around the twenty-fifth percentile. The Remuneration and Nomination Committee reviewed this benchmark analysis again in 2023 and found that PolyPeptide was still positioned around the twenty-fifth percentile within this peer group at the time of the review. The Remuneration and Nomination therefore concluded that the benchmark analysis of the Executive Committee from 2022 remained valid and did not carry out an updated assessment in 2023.

The Remuneration and Nomination Committee will continue to 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.

⁹ The similarly sized Swiss peer group comprised 12 companies in 2023: 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. Vifor Pharma AG was no longer included in the group following its delisting and subsequent discontinuation of public reporting.

¹⁰ 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 CO, 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 to [art. 24 para. 3 of the Articles of Association](#), the compensation for such a non-competition undertaking shall not exceed the average compensation paid to such member during the last three business years.

Currently, all members of the Executive Committee are employed under contracts of unlimited duration with notice periods not exceeding a maximum of 12 months. Board mandates are not subject to notice periods and terminate ordinarily at the conclusion of the next general meeting. There are no contractual agreements or undertakings in place with respect to severance payments for members of either the Executive Committee or the Board of Directors. For information regarding special vesting provisions of any applicable LTIP awards, in particular with regard to a change of control, 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 average compensation paid to such Executive Committee member during the last three business years.

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 Chair) 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 Chair is required to abstain from the deliberation and decision-making about his / 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 chair positions 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.

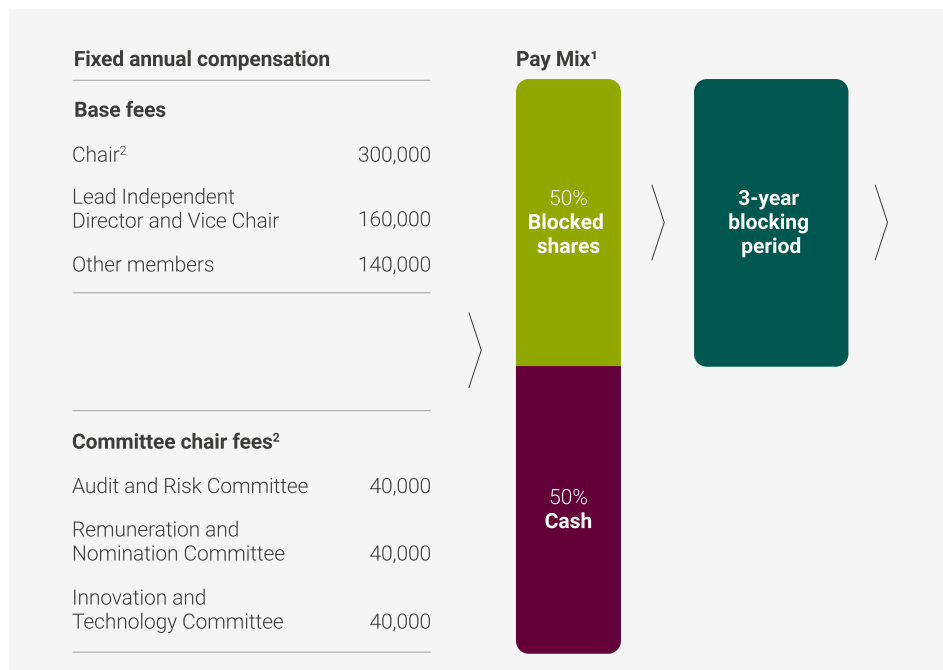
Any variable compensation comprises performance-related compensation elements and financial instruments (e.g., performance stock units (PSU)) and depends on the achievement of strategic and / or financial targets set in advance by the Board of Directors over the course of a performance period defined 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.¹¹ All shares received as part of the Board's remuneration are 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.

¹¹ 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)



¹ 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).

² The Chair does not receive any additional compensation for his role as chair 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. In 2023, the allocated shares were sourced from the Company’s treasury shares.

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 2023, 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.

During the course of 2023, Dr. Peter Wilden, the Chair of the Board, received a fixed executive chair fee of CHF 25,000 per month for his role as Executive Chair (as announced on 30 January 2023) for the period 1 February 2023 to 30 September 2023. The executive chair fee was commensurate with the substantial additional duties and responsibilities during the interim period prior to the appointment of the new CEO as well as during the new CEO’s induction to PolyPeptide. This remuneration is included in Table 5, see [section 4.2 “Compensation of the Board of Directors” of this Remuneration Report](#).

4.2 Compensation of the Board of Directors

The structure and remuneration components of the members of the Board of Directors has not changed in 2023 compared to 2022. However, the total compensation of the Board of Directors increased by 29.7% for the year ended 31 December 2023 as compared to 31 December 2022 due to (i) the fixed executive chair fee of CHF 25,000 per month awarded to Dr. Peter Wilden in his role as Executive Chair for the period 1 February 2023 to 30 September 2023 and (ii) the election of an additional member to the Board of Directors at AGM 2023.

The following tables show the compensation of the Board of Directors for the period from 1 January 2023 to 31 December 2023 (Table 5) and from 1 January 2022 to 31 December 2022 (Table 6). In each of these periods, 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: 2023 Compensation of the Board of Directors
(1 January 2023 – 31 December 2023)

CHF	Position	Cash compensation	Share-based compensation ¹	Total (cash and shares)	Social security contributions	Total compensation
Peter Wilden	Chair	71,250	249,643	320,894	20,165	341,059
	Executive Chair ²	200,000	–	200,000	14,356	214,356²
Patrick Aebischer	Vice-Chair, Lead Independent Director, ITC Chair	50,000	163,263	213,263	11,803	225,067
Erik Schropp ³	Member	–	–	–	–	–
Jane Salik	Member	70,000	70,354	140,354	–	140,354
Beat In-Albon	Independent Member, ARC Chair	45,000	146,946	191,946	10,507	202,453
Philippe Weber ⁴	Independent Member, RNC Chair	18,500	180,232	198,732	13,402	212,135
Dorothee A. Deuring ⁵	Independent Member	52,500	52,621	105,121	7,765	112,886
Total Board of Directors		507,250	863,060	1,370,310	78,002	1,448,313

¹ The number of shares due quarterly for each Director is 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 grant date and rounded up to the next whole number of shares, included in the table at the fair value at grant date. 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 grant 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 2023](#).

² The amount reflects the fixed executive chair fee of CHF 25,000 per month awarded to Dr. Peter Wilden in his role as Executive Chair (as announced on 30 January 2023) for the period 1 February 2023 to 30 September 2023. For the year ended 31 December 2023, Dr. Peter Wilden received in aggregate total compensation of CHF 555,415.

³ 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 2023](#)), waived all compensation for his Board duties for the term of office from the AGM 2023 to AGM 2024.

⁴ Philippe Weber is a Partner at Niederer Kraft Frey AG (NKF). For the year ended 31 December 2023, the Group paid CHF 185,892 to NKF for legal services in relation to ongoing corporate legal matters (e.g., securities, employment, tax, bank finance and corporate law matters), of which CHF 6,720 was directly attributable to legal services provided by Philippe Weber. In addition, NKF provided legal assistance in connection with the signing of a revolving credit facility agreement (as announced by the Company on 2 October 2023). The revolving credit facility agreement enabled the Company to refinance its then existing borrowings as well as to continue to finance its working capital and capital expenditure requirements to support its planned business growth. The amount paid to NKF is currently within the CHF 200,000 limit approved by the AGM 2023. In the event that the amount of fees paid to NKF between the period from AGM 2023 until AGM 2024 exceeds the CHF 200,000 limit, the shareholders will be asked to approve the excess amount, any such excess amount will be set out in the AGM 2024 invitation.

⁵ Dorothee A. Deuring was elected as a member of the Board of Directors at the AGM 2023 (on 12 April 2023).

Table 6: 2022 Compensation of the Board of Directors
(1 January 2022 – 31 December 2022)

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

¹ The number of shares due quarterly for each Director is 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, included in the table at the fair value at grant date. 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](#).

² 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.

³ 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.

Reconciliation of compensation to shareholder resolutions

For the term to the AGM 2024, the AGM 2023 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 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).

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
AGM 2022 to AGM 2023	CHF 1,179,252 ¹	CHF 1,600,000	Approved AGM 2022
AGM 2023 to AGM 2024	CHF 1,431,798 ²	CHF 1,600,000	Approved AGM 2023

¹ The amount includes the fixed executive chair fee of CHF 25,000 per month awarded to Dr. Peter Wilden in his role as Executive Chair for the period 1 February 2023 to 31 March 2023.

² The amount represents an estimate for the term of office from AGM 2023 to AGM 2024. The amount is calculated as an estimate for the seven members of the Board of Directors elected at the AGM 2023, 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 chair fee of CHF 25,000 per month awarded to Dr. Peter Wilden in his role as Executive Chair for the period 1 April 2023 to 30 September 2023. The final amount of total compensation granted will be disclosed in the Remuneration Report 2024.

In addition, with reference to [art. 25 para. 3 of the Articles of Association](#), for the period from the AGM 2022 until AGM 2023, the Group paid CHF 101,130 to Niederer Kraft Frey AG (NKF), where Philippe Weber (Director) is a Partner, for legal services in relation to ongoing corporate legal matters (e.g., securities, employment, tax, bank finance and corporate law matters), within the CHF 200,000 limit approved by the AGM 2022.

For the period from the AGM 2023 until 31 December 2023, the Group paid CHF 185,892 to NKF for legal services in relation to ongoing corporate legal matters (e.g., securities, employment, tax, bank finance and corporate law matters), of which CHF 6,720 was directly attributable to legal services provided by Philippe Weber. In addition, NKF provided legal assistance in connection with the signing of a revolving credit facility agreement (as announced by the Company on 2 October 2023). The revolving credit facility agreement enabled the Company to refinance its then existing borrowings as well as to continue to finance its working capital and capital expenditure requirements to support its planned business growth. The amount paid to NKF is currently within the CHF 200,000 limit approved by the AGM 2023. In the event that the amount of fees paid to NKF between the period from AGM 2023 until AGM 2024 exceeds the CHF 200,000 limit, the shareholders will be asked to approve the excess amount, any such excess amount will be set out in the AGM 2024 invitation.

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 2023 or 31 December 2022, respectively, to current members of the Board of Directors. In addition, no granted loans or credits were still outstanding as at 31 December 2023 or 31 December 2022, respectively, to former members of the Board of Directors.

For the years ended 31 December 2023 and 31 December 2022, 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 2023 or 31 December 2022, 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 2023](#).

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
Fixed compensation			
Base salary	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
Pension and Other benefits	Pension plan, insurance and benefits	Retain and 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
Variable compensation			
Short-term incentive program	Annual cash bonus	Attract, motivate, retain 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
Long-term incentive program¹	Annual grant of performance share units (PSUs)	Retain, 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

¹ For the year ended 31 December 2023 the only eligible participant in the LTIP was the current CEO. However, the Remuneration and Nomination Committee continues to evaluate the expansion of the LTIP to cover additional members of 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 such member's 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 2023 STIP

For the year ended 31 December 2023, the individual target incentive amount for the current CEO corresponded to 75% of base salary and for the other current members of the Executive Committee in office as of 31 December 2023 to 35% of base salary. The maximum payout amount for the current CEO was equivalent to 112.5% of base salary and for the other current members of the Executive Committee in office as of 31 December 2023 to 52.5% of base salary.

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 quantitative 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%. For each qualitative performance target, appropriate deliverables, ranges and/or milestones are defined at the start of the reporting period and subsequently assessed at the end of the reporting period. 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 2023, the STIP objectives for the Executive Committee comprised both financial and individual performance objectives, as detailed in the table below.

Table 9: 2023 STIP performance objectives and weighting for the Executive Committee

Focus in 2023	Performance objective	Weighting
CEO		
Growth	Revenue	40%
Profitability	EBITDA	40%
Individual performance	Personal objectives	20%
Other members of the Executive Committee		
Growth	Revenue	30%
Profitability	EBITDA	30%
Global Balanced Scorecard ¹	Group operational performance	20%
Individual performance	Personal objectives	20%

¹ The 2023 Global Balanced Scorecard contained quantified and qualitative targets on critical internal project execution, green chemistry & ESG projects, "on time in full" (OTIF), environmental health and safety (Lost Time Incident), quality (audit and inspection compliance and cost of non-quality), employee turnover and cash year-end balance. As compared to 2022, the following were added: (i) ESG projects included together with the green chemistry target and (ii) a cash year-end balance target. 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 as well as focus on net working capital management.

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 & ESG projects also support the following PolyPeptide material ESG topics: Green chemistry, Climate change mitigation, People and Supply chain engagement (see also [Corporate Responsibility Report](#)). The weighting of the performance objectives for the current CEO and the other current members of the Executive Committee in office as of 31 December 2023 remained constant for 2023 as compared to the respective roles on the Executive Committee in 2022.

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 2023). 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. The Group 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.

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 the LTIP award, reflecting the value of the PSUs at grant date (*i.e.*, assuming 100% target achievement), will be subject to the maximum aggregate compensation amounts approved at the applicable general meeting for the Executive Committee. The number of shares vesting will depend on the achievements against the targets at the end of the three-year performance period, and the LTIP value may vary based on the share price at the time of vesting.

With regard to the current CEO, his employment agreement provides for an annual target corresponding to 145% of his base salary for the allocation of PSUs. The number of PSUs allocated 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 CEO based on objective and subjective criteria determined by the Executive Committee.

5.1.4.2 LTIP Plan¹²

The current LTIP rules (the “Plan”) were adopted by the Board of Directors in 2021. During the course of 2024, the Remuneration and Nomination Committee plans to revise the structure and eligible pool of participants under the Plan. The goal is to recalibrate the LTIP performance targets to support PolyPeptide’s key strategic ambitions. Any changes to the Plan in 2024 will be described in the Remuneration Report 2024. For the period under review, the only recipient under the current Plan is the current CEO, Juan José González.

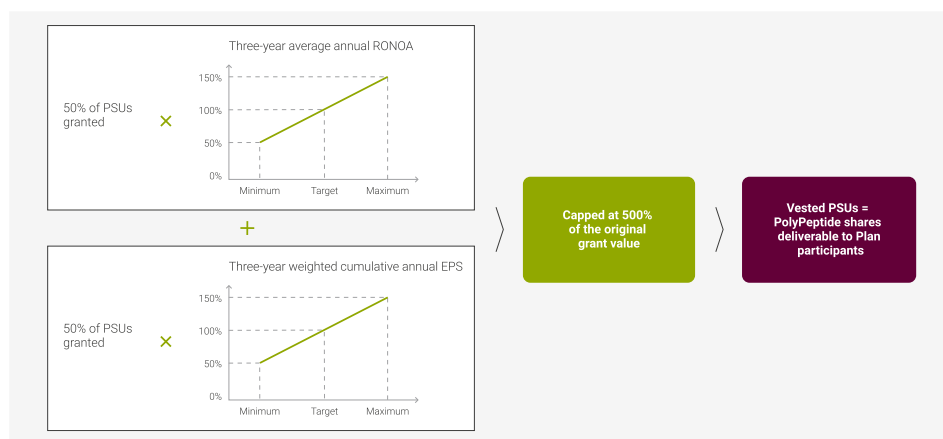
According to the Plan, in any calendar year between 1 January and 31 December, inclusive (a “Plan Year”), eligible employees may be awarded the contingent right to receive a certain number of registered Company shares in the future, provided that certain performance and other conditions are achieved (“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).

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.

¹² Summary of the relevant LTIP Plan.

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. In setting the RONOA and EPS performance targets for the LTIP 2023 award, the Remuneration and Nomination Committee proposed and the Board of Directors approved that each performance target exclude the impact of cost absorption to better reflect the Group's underlying operational profitability. 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%.

Table 10: LTIP Plan



On the vesting date, if the minimum performance for a financial measure RONOA 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 RONOA 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, in the event that any PSUs vest, we will disclose the targets and the corresponding results at the end of the respective performance period (i.e., for the 2023 LTIP award with the reporting for the financial year 2025).

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 Remuneration and Nomination Committee, 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 2023 LTIP Plan awards and vesting of prior awards

In 2023, the current CEO was the only employee eligible to participate in the LTIP and was granted 34,040 PSUs.

No PSUs were awarded in 2022.

The PSUs awarded in 2021 will not vest in April 2024 (based on the financial statements for the year ended 31 December 2023), as the minimum performance thresholds for RONOA and EPS were not achieved through the performance period 2021 to 2023.

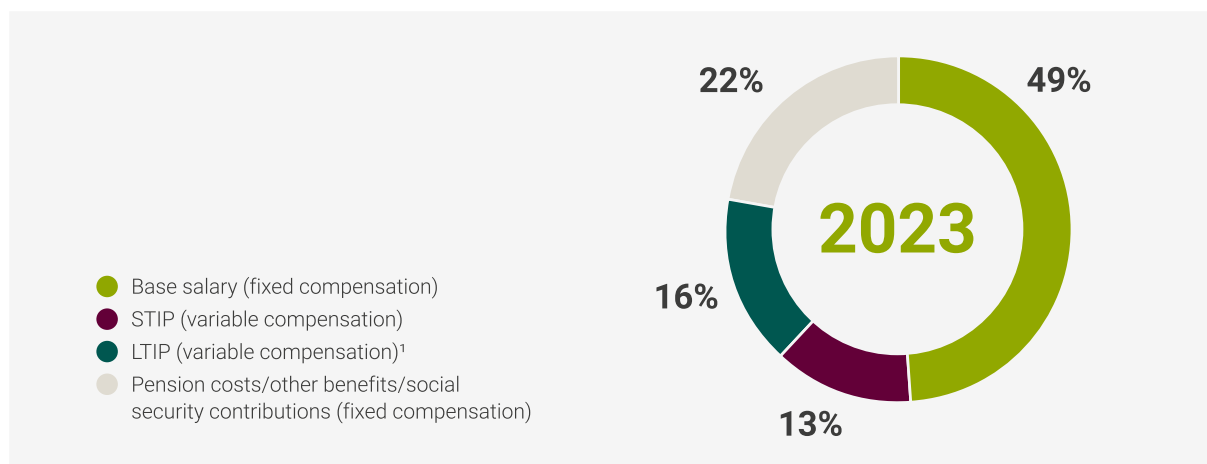
5.2 Compensation of the Executive Committee

5.2.1 Overview and performance assessment

For the year ended 31 December 2023, the Executive Committee received base salary, 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 2023 total variable compensation of the current CEO (*i.e.*, STIP and LTIP) amounted to 56.9% of his total compensation and 131.9% 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 current CEO), the total variable compensation (*i.e.*, STIP only) amounted to an average 12.0% of the total compensation and 13.6% 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

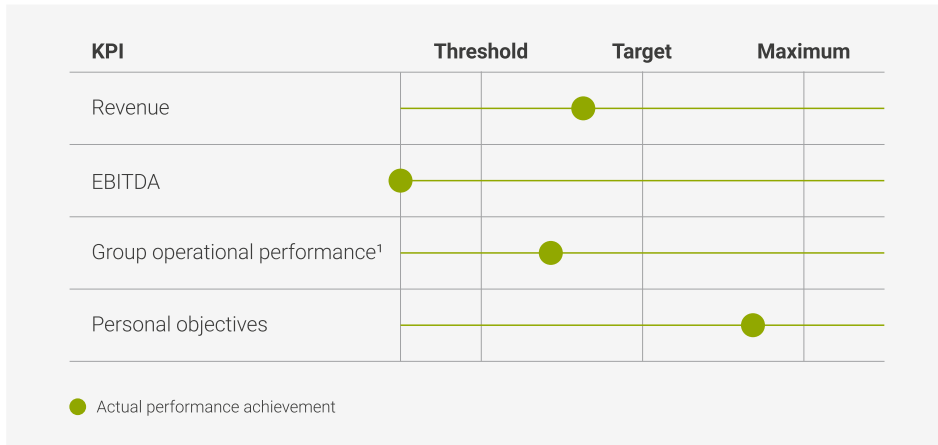


¹ For the year ended 31 December 2023 the only eligible participant in the LTIP was the current CEO.

In light of PolyPeptide’s reported revenue increase of 14.0% and EBITDA decrease of 115.5%, the STIP 2023 financial performance objectives were between the minimum threshold and target for growth, but below the threshold for profitability. With regard to the Global Balanced Scorecard objectives, the Group’s overall achievement was between the minimum threshold and 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 100% and 150% of their respective personal objectives.

Table 12 illustrates the outcome of the STIP performance targets for 2023 (see [Table 9 in section 5.1.3.2 “2023 STIP” of this Remuneration Report](#) for an overview of the 2023 STIP performance objectives and weighting for the Executive Committee).

Table 12: 2023 STIP performance of objectives



¹ Applicable for Executive Committee members in office as of 31 December 2023.

Thus, under the STIP 2023, the combined payout for the financial, operational and individual performance targets is 54.6% of the STIP target incentive amount for the current CEO and between 47.0% and 57.0% of the STIP target incentive amounts for the other current members of the Executive Committee in office as of 31 December 2023.

5.2.2 Aggregate compensation of the Executive Committee

The following table shows the total aggregate compensation for the current CEO (*i.e.*, Juan José González) as the highest paid member of the Executive Committee during the period under review as well as the aggregate amount for the other current and former members of the Executive Committee for the period from 1 January 2023 to 31 December 2023. Dr. Peter Wilden received a fixed executive chair fee of CHF 25,000 per month in connection with his role as Executive Chair from 1 February 2023 to 30 September 2023. The amounts received by Dr. Wilden are included as a separate line item in Table 5, see [section 4.2 "Compensation of the Board of Directors" of this Remuneration Report](#).

For the year ended 31 December 2023, the Executive Committee received total remuneration of CHF 4,715,682 (2022: CHF 3,116,537). This is an overall increase of 51.3% compared to previous year, with the main changes explained in greater detail below.

Table 13: 2023 Compensation of the Executive Committee
(1 January 2023 – 31 December 2023)

CHF	Juan José González ¹	Other members of the Executive Committee ⁸	Total
Base salary	561,167	1,763,932	2,325,098
Pension costs ²	74,452	231,472	305,923
Other benefits ³	51,706	292,723	344,429
Social security contributions ⁴	61,371	334,814	396,185
Total fixed compensation	748,696	2,622,940	3,371,636
STIP bonus ⁵	231,042	356,635	587,678
LTIP grant ⁶	756,369	–	756,369
Total compensation⁷	1,736,107	2,979,576	4,715,682

¹ As announced on 3 April 2023, Juan José González was appointed as new CEO effective 12 April 2023.

² Reflects pension contributions made in the year ended 31 December 2023, including (i) estimated contributions in relation to STIP 2023 to be paid by 30 June 2024 and (ii) differences in actual contributions paid in 2023 in relation to STIP 2022 compared to the estimated contributions in relation to STIP 2022 as disclosed in Table 14.

³ Other benefits may include company car or car allowance, health coverage, variable vacation supplement 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 2023 to be paid by 30 June 2024; (ii) differences in actual Other benefits due in 2023 in relation to STIP 2022 compared to the estimated Other benefits in relation to STIP 2022 as disclosed in Table 14.

⁴ Reflects social security contributions made in the year ended 31 December 2023, including (i) estimated contributions in relation to STIP 2023 to be paid by 30 June 2024; and (ii) differences in actual contributions paid in 2023 in relation to STIP 2022 compared to the estimated contributions in relation to STIP 2022 as disclosed in Table 14.

⁵ Includes (i) the STIP to be paid by 30 June 2024; and (ii) differences in actual STIP 2022 paid in 2023 compared to the estimated STIP 2022 due to currency rate fluctuations.

⁶ Disclosure reflects the LTIP grant for the reporting year, *i.e.*, the value of the PSUs at grant date, assuming 100% target achievement. The LTIP value at vesting may vary based on performance outcomes (between 0 and 150%) and respective share price at the time of vesting. Juan José González, the current CEO, was the only employee eligible to participate in the LTIP 2023 and was granted 34,040 PSUs.

⁷ All compensation amounts are disclosed in gross amounts. Amounts converted to CHF from other currencies are translated at the average exchange rates for the year ended 31 December 2023.

⁸ Reflects the compensation of the other current and former members of the Executive Committee for the period from 1 January 2023 to 31 December 2023 as follows: (i) the compensation paid to Neil James Thompson (Director Global Sales and Marketing), Jens Fricke (Director Global Operations) and Christina Del Vecchio, General Counsel (including a one-time appreciation bonus), (ii) the pro-rated compensation paid to Raymond De Vré who resigned as CEO and stepped down from the Executive Committee on 30 January 2023 as well as compensation paid during his six-month contractual notice period that ended on 31 July 2023, (iii) the pro-rated compensation paid to Jan Fuhr Miller who resigned as CFO and stepped down from the Executive Committee on 30 April 2023, but remained employed until 30 June 2023, (iv) the pro-rated compensation paid to Lalit Ahluwalia as new CFO ad interim and member of the Executive Committee effective 1 May 2023 until he stepped down from the Executive Committee as of 31 December 2023 and (v) the pro-rated compensation paid to Daniel Lasanow (former Director Global Operations) for the applicable portion of his contractual 12-month notice period that ended on 30 November 2023. For the year ended 31 December 2023, the Company paid CHF 965,443 in compensation to former members of the Executive Committee.

Table 14: 2022 Compensation of the Executive Committee
(1 January 2022 – 31 December 2022)

CHF	Raymond De Vré ¹	Other members of the Executive Committee ⁸	Total
Base salary	475,000	1,434,405	1,909,405
Pension costs ²	89,828	203,419	293,248
Other benefits ³	24,000	293,995	317,995
Social security contributions ⁴	82,588	312,014	394,602
Total fixed compensation	671,416	2,243,833	2,915,249
STIP bonus ⁵	29,640	171,648	201,288
LTIP grant ⁶	–	–	–
Total compensation⁷	701,056	2,415,480	3,116,537

¹ As announced on 30 January 2023, Raymond De Vré resigned as CEO. Mr. De Vré's contractual six-month notice period ended on 31 July 2023.

² 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 [section 5.2.2 "2022 aggregate compensation of the Executive Committee" of the Remuneration Report 2022](#).

³ 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.

⁴ 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 [section 5.2.2 "2022 aggregate compensation of the Executive Committee" of the Remuneration Report 2022](#).

⁵ 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.

⁶ 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.

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

⁸ Reflects the compensation of the other current and former members of the Executive Committee for the period from 1 January 2022 to 31 December 2022 as follows: (i) compensation for Jan Fuhr Miller (CFO), Christina Del Vecchio (General Counsel) and Neil Thompson (Director Global Sales and Marketing), (ii) the pro-rated compensation of Jens Fricke (Director Global Operations) as new member of the Executive Committee effective 1 December 2022, (iii) the pro-rated compensation of Daniel Lasanow (former Director Global Operations) 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 ended on 30 November 2023, (v) amounts paid to Jan Christensen (former Director Global Sales and Marketing) 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 (former CEO) in 2022 in relation to compensation due to her for services performed prior to stepping down from the Executive Committee on 17 August 2021. For the year ended 31 December 2022, the Company paid CHF 555,510 in compensation to former members of the Executive Committee (including all applicable pension costs, Other benefits and social security contributions).

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 2023 as compared to 2022:

Composition of the Executive Committee: Table 13 reflects the remuneration of the current and former members of the Executive Committee for the period from 1 January 2023 to 31 December 2023, with 6.39 full-time equivalents in total. In 2023, PolyPeptide experienced transitions at the level of both the CEO and CFO. Specifically, Juan José González joined

as CEO and member of the Executive Committee as of 12 April 2023, succeeding Raymond De Vré who resigned as CEO and member of the Executive Committee as of 30 January 2023. Jan Fuhr Miller resigned as CFO and member of the Executive Committee on 30 April 2023, and Lalit Ahluwalia joined as CFO ad interim and member of the Executive Committee as of 1 May 2023. Thus, the totals reflected in Table 13 include, *inter alia*, (i) the compensation paid to Neil James Thompson (Director Global Sales and Marketing), Jens Fricke (Director Global Operations) and Christina Del Vecchio (General Counsel, including a one-time appreciation bonus), (ii) the pro-rated compensation paid to Raymond De Vré as CEO as well as compensation paid during his six-month contractual notice period that ended on 31 July 2023, (iii) the pro-rated compensation paid to Juan José González as of 12 April 2023 (iv) the pro-rated compensation paid to Jan Fuhr Miller as CFO effective 1 January 2023 until 30 April 2023 as well as compensation paid until his departure on 30 June 2023, (v) the pro-rated compensation paid to Lalit Ahluwalia as CFO ad interim and member of the Executive Committee effective 1 May 2023 until he stepped down from the Executive Committee as of 31 December 2023 and (vi) the pro-rated compensation paid to Daniel Lasanow (former Director Global Operations) for the applicable portion of his contractual 12-month notice period that ended on 30 November 2023.

Table 14 reflects, *inter alia*, the remuneration of the current and former members of the Executive Committee, with 5.83 full-time-equivalents in total, for the period from 1 January 2022 to 31 December 2022, including, *inter alia*, the remuneration paid to (i) Jens Fricke (Director Global Operations) who joined the Executive Committee as of 1 December 2022, (ii) Daniel Lasanow (former Director Global Operations) who served as member of the Executive Committee until 30 November 2022 and whose contractual 12-month notice period began on 30 November 2022 and ended on 30 November 2023, (iii) Jan Christensen (former Director Global Sales and Marketing) who served on the Executive Committee until 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 (iv) Jane Salik (former CEO) relation to compensation due to her for services performed prior to stepping down from the Executive Committee on 17 August 2021.

Base salary: The variance in base salary between 2022 and 2023 (an increase of 21.8%) is mainly due to the changes in the composition of the Executive Committee, as described above. For members of the Executive Committee in office as of 31 December 2022 and 31 December 2023, respectively, the aggregated base salary levels in CHF decreased by 0.43% in 2023 as compared to 2022, mainly due to currency rate fluctuations.

Other benefits: Other benefits increased by 8.3% in 2023 as compared to 2022, mainly due to the changes in the composition of the Executive Committee, as described above.

STIP: The total payout under the STIP in 2023 is 192.0% higher than in 2022, reflecting the performance levels as described in [section 5.2.1 "Overview and performance assessment" of this Remuneration Report](#). The comparison of the total payouts in 2023 as compared to 2022 is further impacted by the changes to the composition of the Executive Committee, as described above.

LTIP: In 2023, Juan José González, the current CEO, was the only employee eligible to participate in the LTIP 2023 and was granted 34,040 PSUs. The Board of Directors, upon recommendation of the Remuneration and Nomination Committee, deferred all LTIP awards for 2022. Thus, this line item proportionally increased reflecting the LTIP award made in 2023.

Reconciliation of compensation to shareholder resolutions

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). Two new members 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 compensation dispensed to the Executive Committee (including the CEO then in office) in the year ended 31 December 2022 amounted 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.

For the year ended 31 December 2023, the AGM 2022 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). Two new members were promoted to the Executive Committee and Juan José González was newly appointed to the Executive Committee in each case after the AGM 2022; however, no additional compensation amount in excess of that approved by the AGM 2022 has been paid / granted, since the approved aggregate amount of compensation for the financial year 2023 was sufficient to compensate those newly appointed members. The compensation paid / granted to the Executive Committee in the year ended 31 December 2023 amounted to CHF 4,715,682 (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 2022 – 31 December 2022	CHF 3,116,537	CHF 7,000,000	Approved EGM 2021
1 January 2023 – 31 December 2023	CHF 4,715,682	CHF 7,000,000	Approved AGM 2022
1 January 2024 – 31 December 2024	–	CHF 7,000,000	Approved AGM 2023

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 2023 or 31 December 2022, respectively, to current members of the Executive Committee. In addition, no granted loans or credits were still outstanding as at 31 December 2023 or 31 December 2022, respectively, to former members of the Executive Committee.

For the years ended 31 December 2023 and 31 December 2022, 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 granted or outstanding as at 31 December 2023 or 31 December 2022, 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 2023](#).

6 Ownership of shares and options

The members of the Board of Directors and Executive Committee reflected in the table below held 0.4% of the outstanding shares as at 31 December 2023 and 0.2% as at 31 December 2022. 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 2023 or 31 December 2022, 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 2023	Shares held as at 31 December 2022
Board of Directors¹			
Peter Wilden	Chair	22,436	8,402
Patrick Aebischer	Vice-Chair, Lead Independent Director; Chair ITC	14,503	5,318
Erik Schropp ²	Member	3,193	3,193
Jane Salik	Member	23,511	19,553
Beat In-Albon	Independent Member, Chair ARC	13,054	4,787
Philippe Weber	Independent Member, Chair RNC	15,976	5,835
Dorothee A. Deuring ³	Independent Member	3,000	n/a
Executive Committee			
Juan José González ⁴	CEO	227,842	n/a
Marc Augustin ⁵	CFO	2,500	n/a
Lalit Ahluwalia ⁶	CFO ad interim	–	n/a
Christina Del Vecchio	General Counsel	–	–
Neil James Thompson	Director Global Sales and Marketing	1,122	1,122
Jens Fricke	Director Global Operations	1,380	1,380
Raymond De Vré ⁷	Former CEO	n/a	16,486
Jan Fuhr Miller ⁸	Former CFO	n/a	7,767

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

² Erik Schropp is also a director of Draupnir Holding B.V. (one of the Company's significant shareholders); this shareholding is not reflected in Table 16 (see [section 1.2 "Significant shareholders" of the Corporate Governance Report 2023](#)).

³ Member of the Board of Directors as of 12 April 2023.

⁴ Member of the Executive Committee as of 12 April 2023.

⁵ Member of the Executive Committee as of 1 January 2024.

⁶ Member of the Executive Committee as of 1 May 2023 until of 31 December 2023.

⁷ Member of the Executive Committee until 30 January 2023.

⁸ Member of the Executive Committee until 30 April 2023.

As of 31 December 2023, Juan José González (current CEO) held 34,040 PSUs with respect to grants made under the LTIP in 2023.

As of 31 December 2022, Raymond De Vré (former CEO) held a total of 6,606 PSUs with respect to grants made under the LTIP in 2021. As per the service condition in the Plan and the terms of his separation agreement, the amount of PSUs was reduced to 5,688.5 PSUs. The PSUs awarded in the financial year 2021 will not vest in April 2024 (based on the financial statements for the year ended 31 December 2023), as the minimum performance thresholds were not achieved.

As of 31 December 2023, 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. As described in Section 4.3 “Loans, credits and related-party compensation” and 5.3 “Loans, credits and related-party compensation” of this Remuneration Report, no compensation was paid or granted to persons closely associated with 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 2023 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

In accordance with Swiss law, [art. 23 of the Articles of Association](#) limits the number of comparable functions at other companies with an economic purpose (including their group) that members of the Board of Directors and Executive Committee are allowed to have at one time. As of 31 December 2023, the members of the Board of Directors and Executive Committee carried out the following activities or mandates in comparable functions at other companies with an economic purpose (including their group) as per art. 734e CO:

Board of Directors

Peter Wilden, Chair

Outside mandates at listed companies

- None

Outside mandates at non-listed companies

- None

Patrick Aebischer, Vice-Chair and Lead Independent Director

Outside mandates at listed companies

- Member of the board of directors of Logitech SA, Switzerland (since 2016)
- Member of the board of directors of Nestlé SA, Switzerland (since 2015)

Outside mandates at non-listed companies

- Member of the board of directors of Swiss Vaccine SA, Switzerland (since 2022)
- Chair of the board of directors of Vandria SA, Switzerland (since 2021)
- Senior Partner of NanoDimension Management Limited, Cayman Islands (since 2017)
- Chair of the board of directors of Amazentis SA, Switzerland (since 2007)

Erik Schropp, Member

Outside mandates at listed companies

- None

Outside mandates at non-listed companies

- CEO of Esperante Investments Group (since 2020) (including serving as a member of the board of directors of Draupnir Corporation B.V., The Netherlands (since 2022) and Draupnir Holding B.V., The Netherlands (since 2008) and of the following strategic business units: (i) SEVER Life Sciences B.V., The Netherlands (since 2019), including serving as a member of the board of directors of two subsidiary companies; (ii) Esperante Ventures B.V., The Netherlands (since 2008); (iii) Svar Life Science AB, Sweden (since 2008), including serving as a member of the board of directors of two subsidiary companies)
- Member of the board of directors of Haydn Holding AB, Sweden (since 2012) (including serving as a member of the board of directors at six subsidiary companies)
- Member of the board of directors of Ferring Foundation B.V., The Netherlands (since 2008) (including serving as a member of the board of directors of two subsidiary entities)

Jane Salik, Member

Outside mandates at listed companies

- None

Outside mandates at non-listed companies

- None

Beat In-Albon, Independent member

Outside mandates at listed companies

- Member of the board of directors of Evolva Holding SA, Switzerland (since 2020)

Outside mandates at non-listed companies

- Chair of the board of directors of Hans Kalbermatten Thermalbad AG, Switzerland (since 2021)
- Member of the board of directors of Deccan Fine Chemicals Pvt. Ltd., India (since 2019)

Philippe Weber, Independent member

Outside mandates at listed companies

- Vice-Chair of the board of directors of Leonteq AG, Switzerland, and Leonteq Securities AG, Switzerland (both since 2020)
- Member of the board of directors of Medacta Group AG, Switzerland (since 2019)
- Member of the board of directors of EDAG Engineering Group AG, Switzerland (since 2015)

Outside mandates at non-listed companies

- Member of the board of directors of NorthStar Holding AG, Switzerland (since 2018)
- Member of the board of directors of Banca del Ceresio SA, Switzerland (since 2017)
- Member of the board of directors of Newron Suisse SA, Switzerland (since 2007)
- Partner at Niederer Kraft Frey AG, Switzerland (since 2002)

Dorothee A. Deuring, Independent member

Outside mandates at listed companies

- Member of the board of directors and Member of the Audit and Remuneration Committees of Elementis PLC (since 2017)
- Member of the board of directors of Temenos AG (since 2023)

Outside mandates at non-listed companies

- None

Executive Committee

Juan José González, Chief Executive Officer

Outside mandates at listed companies

- Member of the board of directors and Member of the Audit & Remuneration Committee, Straumann Group, Switzerland (since 2019)

Outside mandates at non-listed companies

- None

Lalit Ahluwalia, Former Chief Financial Officer ad interim

Outside mandates at listed companies

- None

Outside mandates at non-listed companies

- None

Christina Del Vecchio, General Counsel

Outside mandates at listed companies

- None

Outside mandates at non-listed companies

- None

Neil James Thompson, Director Global Sales and Marketing

Outside mandates at listed companies

- Member of the EuroPeptides Advisory Board for the EuroPeptides / EuroTIDES / TIDES Europe event (since 2012) (event managed and ran by Informa PLC – listed company)

Outside mandates at non-listed companies

- None

Jens Fricke, Director Global Operations

Outside mandates at listed companies

- None

Outside mandates at non-listed companies

- None

Marc Augustin, Chief Financial Officer as of 1 January 2024

Outside mandates at listed companies

- None

Outside mandates at non-listed companies

- None

For additional information regarding the business experience, education and activities of each member of the Board of Directors and Executive Committee, 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 2023.



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STATUTORY AUDITOR'S REPORT

To the general meeting of PolyPeptide Group AG, Baar

Report on the Audit of the Remuneration Report according to Art. 734a-734f CO

Opinion

We have audited the remuneration report of PolyPeptide Group AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) contained in table 5 "2023 Compensation of the Board of Directors (1 January 2023 - 31 December 2023)" on page 124, section 4.3 "Loans, credits and related-party compensation" on page 126, table 13 "2023 Compensation of the Executive Committee (1 January 2023 - 31 December 2023)" on page 134, section 5.3 "Loans, credits and related-party compensation" on page 137, table 16 "Shares held by members of the Board of Directors and the Executive Committee" on page 138, section 7 "Other remuneration-related information under the CO" on page 139, and section 8 "Activities in other companies" on page 140/141 of the remuneration report.

In our opinion, the information pursuant to Art. 734a-734f CO in the remuneration report (pages 112 to 141) complies with Swiss law and the Company's articles of incorporation.

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 table 5 "2023 Compensation of the Board of Directors (1 January 2023 - 31 December 2023)" on page 124, section 4.3 "Loans, credits and related-party compensation" on page 126, table 13 "2023 Compensation of the Executive Committee (1 January 2023 - 31 December 2023)" on page 134, section 5.3 "Loans, credits and related-party compensation" on page 137, table 16 "Shares held by members of the Board of Directors and the Executive Committee" on page 138, section 7 "Other remuneration-related information under the CO" on page 139, and section 8 "Activities in other companies" on page 140/141 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.

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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.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO 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.

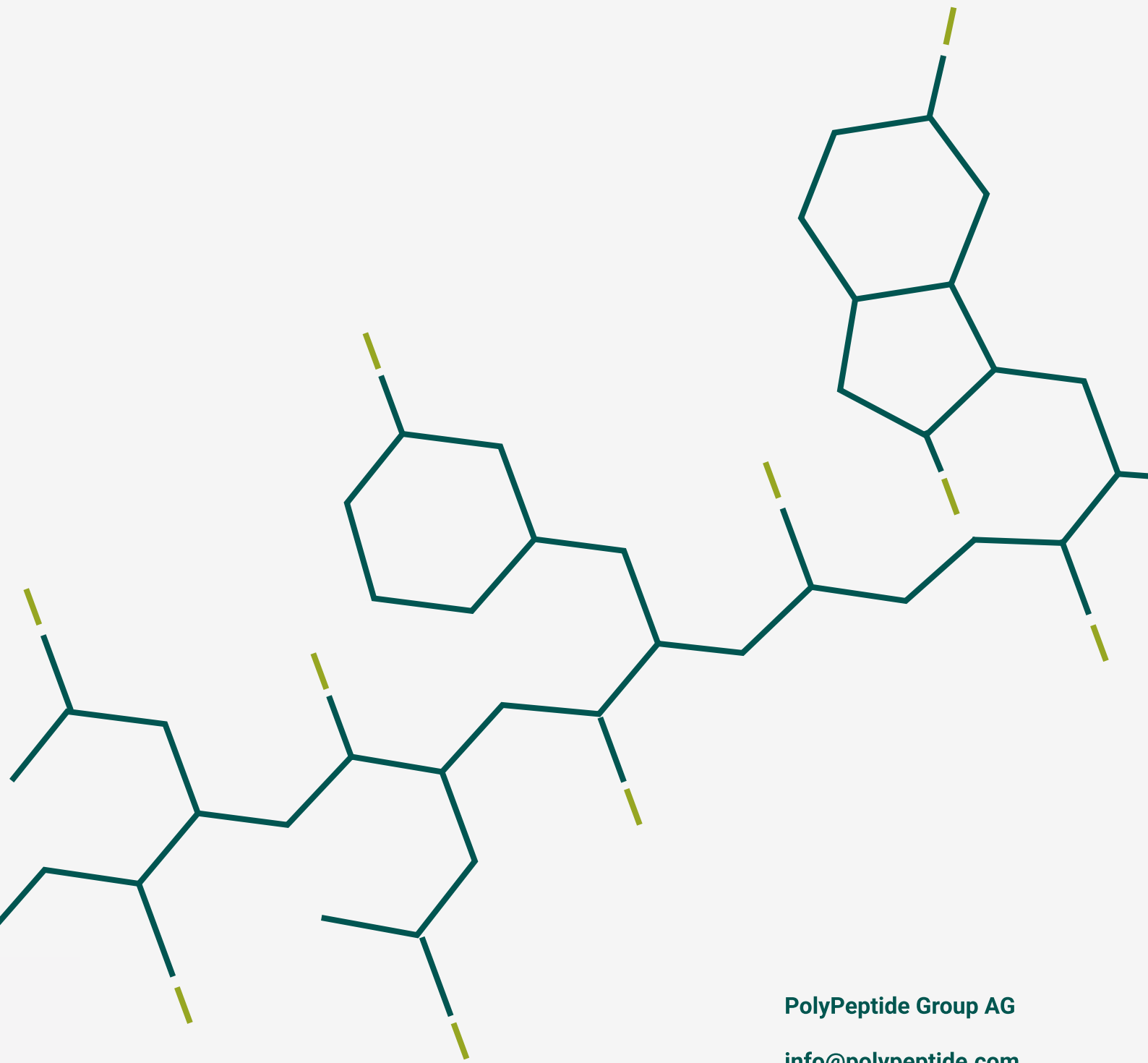
Zurich, 8 March 2024

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