

*The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.*

## **REPORT BY THE BOARD ON THE EVALUATION OF PROGRAMS FOR VARIABLE REMUNERATION AND THE APPLICATION OF THE ANNUAL SHAREHOLDERS' MEETINGS GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES**

### **1. BACKGROUND**

- 1.1. The board of Alligator Bioscience AB (the "Company") has established a Remuneration Committee, which is comprised of Anders Ekblom (Chairman), Peter Benson and Ulrika Danielsson.
- 1.2. The Remuneration Committee's role is primarily to prepare matters regarding remuneration and other terms of employment for the Chief Executive Officer ("CEO") and senior executives. The Remuneration Committee shall also monitor and evaluate ongoing and completed programs during the year for variable remuneration to the Company's management and to monitor and evaluate the implementation of the guidelines for remuneration to senior executives which the annual shareholders' meeting has adopted. For 2017, the maximum variable remuneration to the CEO and senior executives was calculated to be at the highest approximately SEK 1.2 million including social security contributions. During 2017 variable remuneration of approximately SEK 0.8 million including social security contributions has been paid to the CEO and senior executives.
- 1.3. The Remuneration Committee has since the annual shareholders' meeting on 2 May 2017 held three meetings and has had regular contacts as necessary.

### **2. REPORT**

- 2.1. In accordance with Rule 10.3 of the Swedish Corporate Governance Code, the board hereby gives the following report on the results of the evaluation performed by the Remuneration Committee. The report covers the period after 2 May 2017 when the annual shareholders' meeting adopted the current guidelines for remuneration to the CEO and senior executives.
- 2.2. The Remuneration Committee has evaluated the guidelines from the previous annual shareholders' meeting and their application as well as the present remuneration structures and remuneration levels for the CEO and senior executives. The Remuneration Committee has found that the guidelines have enabled the Company to attract and retain competent senior executives. The guidelines have furthermore contributed to keep the remuneration for the CEO and senior executives well-balanced. The guidelines have been applied properly and without any deviations, and the Remuneration Committee is of the opinion that the guidelines effectively have fulfilled their purpose. When analyzing the remuneration structure in the Company, it has been found that many employees have been added to the Company after the allotment took place in the Company's latest option program. The board therefore considers that an additional employee option program would be an important part in the Company's ability to retain key employees and will therefore propose a new employee option program for the annual shareholders' meeting. Otherwise, the Remuneration Committee considers that the current remuneration structures and remuneration levels for the CEO and senior executives are reasonable and well-functioning. The Remuneration Committee has therefore recommended the board to

propose the annual shareholders' meeting of 2018 to adopt substantially unchanged remuneration guidelines.

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Lund in March 2018

The board of directors for Alligator Bioscience AB (publ) through the Remuneration Committee