

THE REMUNERATION POLICY OF INITIATOR PHARMA A/S.

Introduction

The Board of Directors of Initiator Pharma A/S, CVR no. 37 66 38 08 (“Initiator” or the “Company”) has adopted this remuneration policy (the “Remuneration Policy”) which describes the principles for payment of remuneration to the Board of Directors and the Management in accordance with Sections 139 and 139(a) of the Danish Companies Act.

Objectives

The overall objective of the Remuneration Policy is to align and balance the interests of the Company’s Board of Directors, the Management team, the Company itself and its shareholders, and to attract, motivate and retain qualified members of the Board of Directors and the Management team in order to support the achievement of strategic short- and long-term goals of the Company as well as to promote value creation for the benefit of the shareholders.

The Board of Directors believes that the composition of remuneration supports both the short-term and long-term goals and sustainability of the Company as well as the interests of the shareholders by ensuring that a part of the remuneration is variable and linked to strategic targets and the development in the Company’s share price.

Initiator Pharma has implemented a long-term share-based incentive system. The share-based incentive programs have been approved by the general meetings and are therefore not covered by these guidelines.

Remuneration to the Board of Directors

Members of the Board of Directors shall receive a fixed annual fee. Additionally, the Board of Directors may receive share-based remuneration. The cash remuneration paid to the Board of Directors will be presented for approval by the Company’s shareholders at the annual general meeting.

Fixed annual fees

Each member of the Board of Directors receives a fixed annual fee. The board fees shall be in line with market practice and based on the competencies, effort, and scope of the work carried out by the Board of Directors. The board fees are determined based on a benchmark exercise for similar Nordic biopharmaceutical companies of comparable size and development stage.

Consultancy fees

To the extent a member of the board of directors renders services for the company, in addition to his or her assignment as a member of the board of directors, an additional consultancy fee on market terms may be paid to the member of the board of directors, or to a company controlled by such member of the board of directors, provided that such services contribute to the implementation of Initiator Pharma’s business strategy

and the safeguarding of Initiator Pharma's long-term interests, including its sustainability.

Remuneration to Management team

These guidelines comprise the persons who are part of Initiator Pharma A/S's Management team.

The cash remuneration to members of the Management team may consist of both fixed remuneration, including fixed salaries, pension contributions and benefits, and short-term cash incentive program, as determined by the Board of Directors. The total remuneration shall be in line with market standards and based on the competencies, responsibilities assumed, and the scope of work carried out by the individual management team member.

Fixed remuneration

Members of the Management team shall receive an annual base salary, or in the case of team members hired on consultancy basis, a fixed monthly retainer fee.

Pension contributions are paid in accordance with applicable laws and employment agreements. No pension liabilities shall be undertaken, unless required by law.

When determining fixed salary, account should be taken of their responsibilities, local trends, performance and other relevant factors, such as the remuneration of their peers in other international companies of similar size. The fixed salary or retainer fee shall as a starting point be determined per calendar year with salary revision on an annual basis.

Short-term cash incentive program

The short-term cash incentive program may consist of a cash bonus to Management team members based on the annual performance at the discretion of the Board of Directors. The performance criteria may relate to certain results or targets based on corporate and individual goals. These predefined goals may include financial and/or operational targets, e.g. related to financing, working capital needs, organizational development as well as pre-clinical and clinical development.

Variable cash remuneration may, for the CEO, amount to a maximum of 40 percent of the fixed annual salary, and for other management team members a maximum of 25 percent of the fixed annual salary or retainer. Variable cash remuneration shall not qualify for pension benefits, save as required by mandatory collective bargaining agreements.

The Company shall under special circumstances be entitled to reduce or reclaim, in full or in part, cash bonuses earned or granted under the short-term incentive program if the conditions for payment are based on fraud, willful misconduct, gross negligence, incorrect or misleading information, or that the conditions have otherwise not been fulfilled.

Indemnification of the Board of Directors or Management

Members of the Company's Board of Directors and Management are entitled to be a part of by the Company's directors' and officers' liability insurance (D&O-insurance) as applicable from time-to-time.

In addition to the above the Company may choose to indemnify members of the Board of Directors and Management. The Company's potential indemnification of members of Board of Directors and Management is secondary to the Company's D&O-insurance. The Company's indemnification of members of the Board of Directors and Management is conditioned on the fact that such persons have not exhibited fraud, willful misconduct, gross negligence (unless covered under the Company's D&O-insurance) and/or criminal offence pertaining to such member's discharge of their duties.

The decision to indemnify members of the Board of Directors and Management lies with the Board of Directors that has been authorized to do so from the general meeting. The Board of Directors is authorized to determine the terms and conditions of the indemnification scheme, including coverage, to the furthest extent permitted by law and to manage and administer the indemnification scheme and decide on any matter relating to any claims applicable to the scheme.

Termination and severance payments

No special retirement agreements shall be made, but instead shall mutual termination clauses in employment agreements apply. Termination clauses shall not exceed twelve (12) months.

This Remuneration Policy shall apply to all future employment agreements with the CEO and the Management team. Existing agreements shall remain unchanged and in full force unless otherwise agreed by relevant parties.

The Remuneration Policy shall be of guidance for the Board. Any departure from the Remuneration Policy shall be recorded and reasoned in the Board's Minutes.

This Remuneration Policy has been approved by the Board of Directors of Initiator Pharma A/S, taking into consideration the Danish Recommendations on Corporate Governance. The Remuneration Policy is reviewed once a year and shall be approved at the Company's Annual General Meeting, with or without amendments.