

**PART B**  
**THE REMUNERATION SYSTEM FOR MEMBERS OF THE EXECUTIVE BOARD**  
**(on item 4 of the agenda)**

**1. Preliminary remarks**

Pursuant to Section 87a (1) sentence 1 AktG, the supervisory board of a listed company adopts a clear and understandable system for the remuneration of the executive board members.

On April 28, 2022, the Supervisory Board of Epigenomics AG adopted an adjusted remuneration system for members of the Executive Board that is presented herein below. To the extent that this remuneration system deviates from the recommendations set forth in the German Corporate Governance Code in each case as amended from time to time, this will be separately disclosed in the Company's declaration of conformity and justified.

The remuneration system adopted by the Supervisory Board is basically equal to the remuneration system that was adopted last year and approved by the Annual General Shareholders' Meeting on June 16, 2021, but deviates from the remuneration system approved in 2021 in certain aspects. These deviations mainly relate to the following:

- Unlike the remuneration system approved in 2021, the present remuneration system hereby presented for approval does not provide for a value enhancement bonus potentially to be paid in the event of a change of control or asset deal. An exception from this rule only applies in an "old case".
- The due date for payout of the short-term variable remuneration will be delayed. According to the remuneration system approved in 2021, it will be paid out after the end of the Annual General Shareholders' Meeting of the following year. According to the remuneration system hereby presented for approval, it is to be paid after the consolidated financial statements for the year for which the goals were set have been adopted;
- The maximum amount for fringe benefits (excluding extraordinary fringe benefits like relocation costs and sign-on bonuses) is 15%. The remuneration system approved in 2021 provides for a maximum amount of 6%.

**2. The remuneration system for members of the Executive Board**

***Principles of the remuneration system for members of the Executive Board***

The remuneration system of the Company's Executive Board is designed to contribute to the achievement of strategic goals and the Company's development. The remuneration of the Executive Board is determined by the Company's size, complexity, geographical scope and financial position, as well as the performance of the members of the Executive Board as a whole. The amount of the variable remuneration is derived from the achievement of operational and strategic goals as well as the development of the share price. The long-term strategic goals communicated as part of Epigenomics AG's strategy form the key performance indicators for the short-term and long-term variable remuneration (short-term incentives (STI) and long-term incentives (LTI)).

The Supervisory Board determines the structure and amount of remuneration of the members of the Executive Board. To assess the appropriateness of the structure and level of remuneration, a comparison to the external market has been performed. For this, a selection of companies operating in the biotechnology sector and operating in Europe and the United States have served as an external reference. The following 18 companies were identified to make up the peer group: 4basebio AG, 4SC AG, AC Immune SA, Advaxis, Inc., Advicenne S.A., Biofrontera AG, BioPorto A/S, Cembio Diagnostics, Inc., Exact Sciences, Corp., Genmark Diagnostics, Inc., Heidelberg Pharma AG, Medigene AG, Oramed Pharmaceuticals, Inc., Oxford Biodynamics plc, Oxford Immunotec, Inc., Paion AG, Synlogic, Inc., Synthetic MR AB. The peer group used

is depicted in Table 1. When determining the remuneration of the members of the Executive Board, Epigenomics AG has also considered the internal wage and salary structure and looked at the relation between the Executive Board remuneration and that of Senior Managers and other employees over time.

The remuneration system for the Executive Board is determined by the Supervisory Board. If needed, the Supervisory Board can call on external independent advisors. The Supervisory Board also annually reviews the system and determines the target total remuneration for each member of the Executive Board. This is done in compliance with the provisions set out by the German Stock Corporation Act and the German Corporate Governance Code (GCGC) regarding executive remuneration and the treatment of conflicts of interests. If material changes are made, and in any case at least once every four years, the remuneration system resolved by the Supervisory Board is submitted to the General Shareholders' Meeting for approval.

In exceptional cases (e.g., in the event of a severe economic crisis), the Supervisory Board may temporarily deviate from the components of the remuneration system for the Executive Board if this is in the interest of the long-term well-being of the Company. This applies to the structure and the amount of remuneration as well as to all or individual remuneration components.

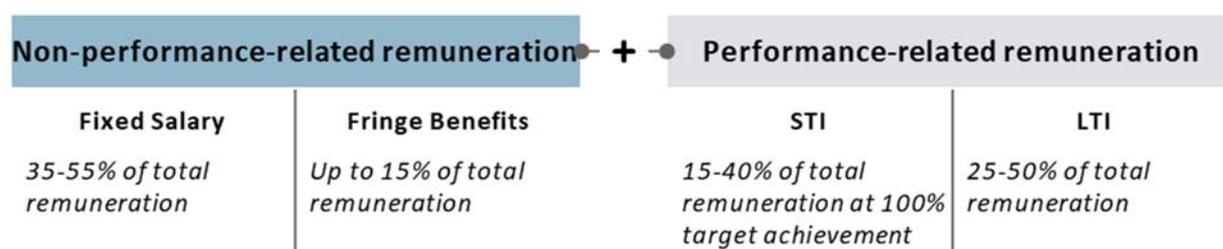
**Table 1: Peer group**

Company	Country
4basebio AG	Germany
4SC AG	Germany
AC Immune SA	Switzerland
Advaxis. Inc.	USA
Advicenne S.A.	France
Biofrontera AG	Germany
BioPorto A/S	Denmark
Chembio Diagnostics. Inc.	USA
Exact Sciences Corp.	USA
Genmark Diagnostics. Inc.	USA
Heidelberg Pharma AG	Germany
Medigene AG	Germany
Oramed Pharmaceuticals Inc.	USA
Oxford Biodynamics plc	UK
Oxford Immunotec, Inc.	UK
Paion AG	Germany
Synlogic. Inc.	USA
SyntheticMR AB	Sweden

The remuneration components for members of the Executive Board are a fixed salary, an STI and an LTI as well as further fringe benefits customary in the market. The two variable components STI and LTI are linked to Epigenomics AG's annual performance and the performance over four years, respectively, and reward

the sustainable, value-oriented development of the Company. The remuneration system for the Executive Board contains the components listed in Figure 1 below:

**Figure 1: Overview of remuneration components for each member of the Executive Board**



The remuneration system also includes a clawback clause, which enables variable remuneration components to be clawed back in the event that a Board member commits a serious infringement of the duty of care as a member of the Executive Board.

The structure of the remuneration is significantly aligned to the Company's performance and long-term value creation.

#### **Fixed salary**

The fixed salary is paid out in twelve equal instalments at month-end and is market oriented.

#### **Short-term incentive (STI)**

For each fiscal year, a short-term variable remuneration with a one-year performance period is granted. The short-term variable remuneration is based on the achievement of financial criteria, commercial goals and development goals, which are relevant for the further development of the Company. The weights attributed to the financial, commercial and development goals are 25%, 50% and 25%, respectively. The achievement of each of these goals is calculated additively. The actual amount of the short-term variable remuneration will be paid out after the consolidated financial statements have been approved for the year for which the goals were set;

Epigenomics AG's primary corporate objective is to develop and commercialize in vitro diagnostic products for detecting cancer. The Company takes a goal-oriented approach to managing and monitoring operational progress when executing its strategy. The Supervisory Board and the Executive Board of the Company regularly define milestones and deliverables including revenue, operating results and business targets as well as product development, clinical and regulatory milestones against which the performance of the Company and its employees is regularly monitored.

In order to assess the performance of the members of the Executive Board, each year the Supervisory Board sets a target agreement with the Executive Board as a whole. This target agreement primarily contains targets for commercial success and the development of the Company:

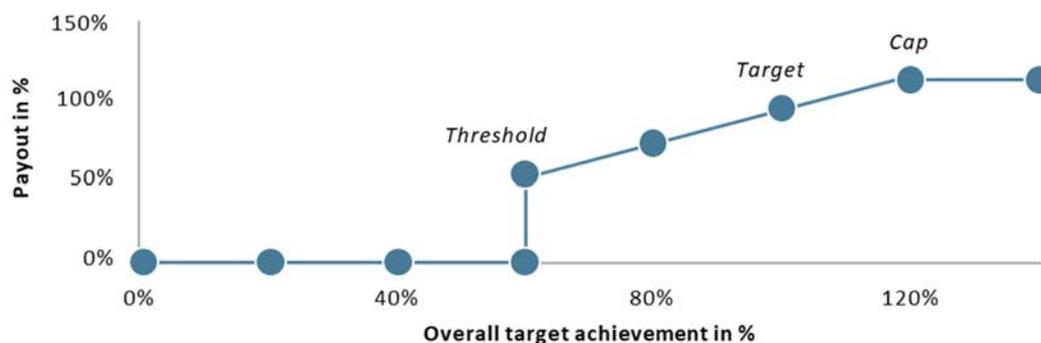
- One-year financial goals;
- One-year strategic targets relating to the further development of Epigenomics AG.

The overall level of achievement is subject to the discretion of the Supervisory Board. No payout takes place at an overall level of achievement below 60%. Payout is capped at a maximum of 120% of target performance. The corresponding payout curve is shown in Figure 2. The payout mechanism underlying the short-term variable remuneration component will be identical for all members of the Executive Board.

The service agreements can provide that, in accordance with the recommendation of the German Corporate Governance Code, the Supervisory Board is entitled to take extraordinary developments and circumstances into account and apply adequate upward/downward adjustments. Notably, the Supervisory Board shall have the power through corresponding agreements in the service agreements, in particular

through a so-called clawback clause (see below), to withhold or reclaim variable remuneration components.

**Figure 2: STI payout curve for all members of the Executive Board**



### **Long-term incentive (LTI)**

The LTI plan takes into consideration the development of the share price of Epigenomics AG over a period of four years and, thus, fosters the creation of long-term value. This long-term remuneration component is granted in the form of stock options under the Company's Stock Option Program (SOP). Epigenomics AG intends to give substantial weight to the long-term variable remuneration in order to stay competitive and to be able to attract, motivate and retain the necessary talent.

Provided that a sufficient number of stock options is available under the respective SOP in a given calendar year, the Company grants on an annual basis a fixed number of stock options to each member of the Executive Board.

The Supervisory Board decides whether the stock options will be issued in one or several tranches. The stock options will vest over a four-year period with a vesting proportion of 25% per year. The waiting period of four years calculated from the date of grant ensures an orientation towards the long-term development of the Company.

After the waiting period the stock options can be exercised within an exercise period of three years with the exception of certain black-out periods. The exercise price includes a premium ensuring an ambitious target level. The remuneration which the Executive Board members receive under the long-term component for a fiscal year is limited to a maximum amount determined for each Board member. Once the member of the Executive Board has received from the exercise of stock options granted in a calendar year a total remuneration equal to the defined maximum amount, the member of the Executive Board is not entitled to exercise any further stock options granted in that calendar year and such further stock options automatically expire without consideration.

Should the number of available stock options not be sufficient, the Supervisory Board can grant virtual phantom stock rights in lieu of stock options on terms that are essentially economically equivalent.

### **Special remuneration for extraordinary achievements; fringe benefits**

The Supervisory Board may provide in the service agreements that, in exceptional cases and taking into account the determined maximum remuneration, it is entitled to grant a special remuneration of up to 60% of the base salary for extraordinary achievements of a member of the Executive Board.

In addition to the above-mentioned remuneration, the Company grants fringe benefits to members of the Executive Board. These fringe benefits may include:

- a D&O insurance policy with deductible according to the statutory minimum amount;
- in the case of a temporary incapacity to work due to illness, a continued payment of the fixed salary for a period of up to twelve months or up to the termination of the respective service agreement

(in such a case, any payments received under insurance policies as sickness benefits will be deducted from the fixed salary);

- an annual car allowance;
- various insurance policies and reimbursement for legal and tax advice expenses and the communication costs associated with the Executive Board member working from his or her country of residence;
- contributions to health insurance, long-term care insurance and accident and/or term life insurance;
- further fringe benefits, in particular, sign-on bonuses and relocation costs.

The total amount of the fringe benefits must not exceed 15% (excluding sign-on bonuses and relocation costs) or 50% (including sign-on bonuses and relocation costs), as the case may be, of the sum of (i) the fixed salary and (ii) the STI at 100% target achievement (cap).

#### ***Clawback provision***

A clawback provision is included in the service agreements of all members of the Executive Board. In the event of serious substantial violations by the Executive Board member of his statutory obligations or internal company guidelines, the Company is entitled:

- To withhold the short-term variable remuneration (STI) of the Executive Board member for the fiscal year in which the serious substantial violation, in whole or in part, was committed and / or persisted, or to reclaim it from the board member if the bonus has already been paid out; and / or
- To refrain from granting the long-term variable remuneration (LTI) for the fiscal year in which the serious substantial violation was committed and/or persisted and/or for subsequent years or, if it has already been granted but not paid out or the rights have not yet been exercised, to declare it expired without compensation.

The assertion of claims is at the dutiful discretion of the Supervisory Board. It is not necessary to provide evidence of damage caused by the member of the Executive Board acting in breach of duty. The claims also exist if the time of office or the employment relationship with the Board member has already ended at the time the respective claim is asserted. The Board member cannot plead that the remuneration that is the subject of a claim for reimbursement is no longer available in his or her assets; Section 818 (3) BGB does not apply. Claims for damages against the Board member remain unaffected.

#### ***Maximum remuneration***

The total remuneration is capped in accordance with Section 87a AktG and the recommendation under G.1 of the German Corporate Governance Code (GCGC). By establishing a maximum amount (cap) for the STI and the LTI, the amount of both variable remuneration components is limited. The maximum remuneration levels based on the current target remuneration for members of the Executive Board are calculated as sum of fixed salary, fringe benefits, maximum amount of variable remuneration components (STI and LTI) and any special remuneration for extraordinary achievements. The maximum remuneration amounts to EUR 5 million for the CEO and EUR 3.25 million for other Executive Board members. These maximum remuneration levels concern the sum of all payments resulting from the remuneration system for a given fiscal year (provided that, as regards the LTI, in the calculation of the maximum amounts, only the payments or remuneration relating to an LTI tranche granted for one year are taken into account, even if the LTI tranches for several years are paid out or exercised in the same year). Regarding the foregoing amounts it should be noted that the Company continues to be in a crucial stage. The remuneration of the board members largely depends on whether and to what extent this situation is successfully mastered. In line with their nature as maximums, the foregoing amounts, while high, are and can only be achieved in case of extraordinary performance by the Board members and exceptional circumstances in the event of which they appear to be commensurate with the increase in value of the Company and thus the added value for the shareholders.

***Value enhancement bonus in an "old case"***

In cases where service agreements for Executive Board members provide for a value enhancement bonus at the time the present remuneration system is approved, such a bonus may also be granted as a component of the present remuneration system. This is only the case for the CEO, Gregory Hamilton.

The value enhancement bonus is a bonus to be paid in cash that is triggered in the event of a change of control or an asset deal during the term of the service agreement, and that is equal to the lower of 3% of the amount by which the change of control consideration respectively the asset deal consideration exceeds the initial market capitalization, and an individually determined maximum amount. A "change of control" means the gaining of control over the Company within the meaning of Sections 29 (2), 30 of the German Securities Acquisition and Takeover Act (*Wertpapierübernahmegesetz, WpÜG*), irrespective of whether the control is gained by way of a merger, share purchase, share swap or any other means. The "change of control consideration" means the aggregate purchase price or any other consideration offered to the shareholders of the Company as a whole in connection with the change of control. An "asset deal" means an asset deal under which the Company transfers all or essentially all of its assets to a third party. The "asset deal consideration" means the total consideration received by the Company in connection with the asset deal minus the book value of (y) all liabilities of the Company and its subsidiaries existing, and (z) all provisions/accruals booked or that would have to be booked based on statutory law and applicable GAAP in the consolidated financial statements of the Company, in each case at the time of the closing of the asset deal and not assumed by the acquirer in connection with the asset deal. The "initial market capitalization" means the number of shares issued by the Company times the stock exchange closing price of the shares of the Company in the electronic trading system of the Frankfurt Stock Exchange, in each case of the last trading day preceding a date specified in the service agreement, or times a higher value agreed in the service agreement.

If a value enhancement bonus is agreed, the maximum amount of remuneration (maximum remuneration) will be EUR 12 million instead of the amount of EUR 5 million set out above.

***End-of-service benefits in special cases***

Normally, the Supervisory Board observes a time limit of two to three years for the service agreements of members of the Executive Board. Pursuant to Section 84 AktG, the maximum contractual term is five years.

There is a general limit on severance pay (severance payment cap) for all members of the Executive Board. Accordingly, payments made to a member of the Executive Board upon premature termination of their contract, without cause, may not exceed the value of two years' remuneration (not taking into account any special remuneration for extraordinary achievements or any value enhancement bonuses in an "old case"), including fringe benefits, nor compensate more than the remaining term of the contract. The severance payment cap is to be calculated based on the total remuneration for the past fiscal year and, if appropriate, also the expected total remuneration for the current fiscal year. Stock options that have not yet vested will be forfeited without compensation if the service agreement is terminated by the Company for cause or by the member of the Executive Board. Stock options that have already vested but have not yet been exercised will be forfeited without compensation if the service agreement is terminated by the Company for cause.

In the event of (i) a change of control pursuant to the provisions of the German Securities Acquisition and Takeover Act (*Wertpapierübernahmegesetz, WpÜG*) or (ii) the closing of an Asset Deal, the members of the Executive Board have a special right to terminate their service agreements and resign from their office as members of the Executive Board by written notice to the Supervisory Board observing a six months' notice period, and would in such case be entitled to receive payment of their fixed remuneration plus STI for the remaining term of their respective service agreements. However, in no case would such payment exceed 150% of the severance cap described in G.13 of the German Corporate Governance Code. Severance payments stemming from post-contractual non-compete provisions are considered in the calculation of any remuneration payments.