

To the Shareholders of Molecular Partners AG

## Invitation to the Annual General Meeting

Wednesday, April 18, 2018, 2:00 p.m. CEST (doors open at 1:30 p.m.)  
Molecular Partners AG, 5<sup>th</sup> Floor, **Wagistrasse 14, 8952 Schlieren**, Switzerland

### Agenda and Proposals of the Board of Directors

#### 1. Approval of the Annual Report and the Annual Financial Statements for the Financial Year 2017

The Board of Directors proposes to approve the Annual Report 2017 and the Annual Financial Statements 2017.

#### 2. Consultative Vote on the Remuneration Report

The Board of Directors proposes to approve in a consultative vote the Compensation Report 2017.

##### *Explanations*

The Compensation Report 2017 is included in the Annual Report 2017 (pages 50ff.). The Board of Directors has decided, in accordance with the Swiss Code of Best Practice for Corporate Governance, to submit the Compensation Report to shareholders for a separate consultative vote in addition to the binding approvals of compensation under agenda item 9.

#### 3. Approval of the Appropriation of Results

The Board of Directors proposes to carry forward the net loss of CHF 21'766'299 thereby bringing the position loss carried forward from CHF 20'289'854 to CHF 42'056'153.

#### 4. Discharge of the Board of Directors and the Management Board

The Board of Directors proposes that its members and the members of the Management Board be granted discharge for their activities in the financial year 2017.

#### 5. Renewal of Authorized Share Capital

The Board of Directors proposes that the authorized share capital of the Company in a maximum amount of CHF 565,986 be renewed for a period of two years until April 18, 2020 and Article 3a of the Articles of Association<sup>1</sup> be amended accordingly as follows (**changes marked**):

##### **Article 3a- Present version**

Authorized Capital

<sup>1</sup> The board of directors is authorized to increase the share capital, at any time until April 20, 2018, by a maximum amount of CHF 565,986 by issuing a maximum of 5,659,860 fully paid up shares with a par value of CHF 0.10 each. An increase of the share capital in partial amounts shall be permissible.

*The rest of Article 3a remains unchanged.*

##### **Article 3a - Requested new version**

Authorized Capital

The board of directors is authorized to increase the share capital, at any time until **April 18, 2020**, by a maximum amount of CHF 565,986 by issuing a maximum of 5,659,860 fully paid up shares with a par value of CHF 0.10 each. An increase of the share capital in partial amounts shall be permissible.

*The rest of Article 3a remains unchanged.*

<sup>1</sup> <http://investors.molecularpartners.com/corporate-governance/governance-documents.aspx>

## 6. Re-Elections and Elections to the Board of Directors and the Nomination and Compensation Committee

### 6.1 Re-Elections to the Board of Directors

The Board of Directors proposes the re-election of:

- 6.1.1 Göran Ando;
- 6.1.2 William (Bill) Burns;
- 6.1.3 Gwen Fyfe;
- 6.1.4 Steven H. Holtzman;
- 6.1.5 William A. Lee;
- 6.1.6 Petri Vainio; and
- 6.1.7 Patrick Amstutz.

each as member of the Board of Directors for a term of office of one year until the conclusion of the 2019 annual general meeting. All elections are held individually.

#### *Explanations*

For biographical details on the candidates please refer to the Company's website<sup>2</sup>. As announced early February 2018, Jörn Aldag, Andreas Plückthun and Jeff Buchalter have indicated their wish not to stand for re-election at the 2018 annual general meeting.

### 6.2 Election of the Chairman of the Board of Directors

The Board of Directors proposes the election of William (Bill) Burns as Chairman of the Board of Directors for a term of office of one year until the conclusion of the 2019 annual general meeting.

#### *Explanations*

Bill Burns brings to Molecular Partners vast experience in the development and commercialization of drugs, particularly in oncology, and extensive knowledge of pharmaceutical industry operations. He held various executive positions at Roche for 28 years, culminating in his nomination to the position of CEO of Roche Pharmaceuticals and board seats at Roche, Genentech and Chugai Pharmaceuticals. Since 2010, he has been a Senior Independent Non-Executive Director of Shire Pharmaceuticals plc, a post from which he will retire in April 2018. Since 2011, Bill Burns has been a non-executive director of Vestergaard S.A. He became Chairman of Vestergaard in 2017. Bill Burns has also been Vice-Chairman of Mesoblast since 2016. Additionally, he is a Trustee and Governor of the Wellcome Trust Ltd. and a Trustee of the Institute of Cancer Research in London. He is also a member of the Novo Holdings Advisory Group and a member of the Scientific Advisory Board of the Center for Integrated Oncology of the University of Cologne/Bonn.

### 6.3. Re-Election and elections to the Nomination and Compensation Committee

The Board of Directors proposes:

- 6.3.1 the re-election of William A. Lee;
- 6.3.2 the election of William (Bill) Burns; and
- 6.3.3 the election of Göran Ando;

each as member of the Nomination and Compensation Committee, for a term of office of one year until the conclusion of the 2019 annual general meeting. All elections are held individually.

<sup>2</sup> [www.molecularpartners.com/aboutus/board-of-directors](http://www.molecularpartners.com/aboutus/board-of-directors)

## 7. Re-Election of the Statutory Auditors

The Board of Directors proposes to re-elect KPMG AG, Zurich, as statutory auditors for the financial year 2018.

## 8. Election of the Independent Proxy

The Board of Directors proposes that Anwaltskanzlei Keller, Raphael Keller, Gehrenholzpark 2g, CH-8055 Zurich, be elected as the independent proxy for a term of office until the conclusion of the 2019 annual general meeting.

## 9. Approval of the Compensation Amounts for the Board of Directors and the Management Board

### 9.1 Approval of the Compensation Amount for the Board of Directors for the Next Term of Office

The Board of Directors proposes to approve the maximum aggregate amount of compensation of the Board of Directors for the term of office from the annual general meeting 2018 until the annual general meeting 2019 of CHF 887,250.

#### *Explanations*

The number of members of the Board of Directors as of the Annual General Meeting 2018 is expected to be reduced from ten to seven (see agenda item 6 above). The compensation of the Board of Directors will consist of a fixed fee in cash for the board and committees work in an aggregate amount of up to CHF 288'750 and an allocation in restricted share units (RSUs) in an aggregate amount of up to CHF 598'500. RSUs are subject to a three-year blocking period. For purposes of this proposal the RSUs will be valued as of the grant date. The maximum amount includes estimated social security contributions, except for mandatory employer contributions to state social security institutions<sup>3</sup>.

Additional information on the compensation model of the Board of Directors may be found in Molecular Partners' Annual Report and Compensation Report.

### 9.2 Approval of the Fixed Compensation Amount for the Management Board from July 1, 2018 until June 30, 2019

The Board of Directors proposes to approve the maximum aggregate amount of fixed compensation for the four members of the Management Board for the period from July 1, 2018 until June 30, 2019 of CHF 1'597'449.

#### *Explanations*

The fixed compensation of the four current members of the Management Board shall consist of a fixed compensation in cash, which includes the base salaries as well as social security and pension contributions, except for the mandatory employer contributions to state social security institutions<sup>4</sup>.

Additional information on the compensation model of the Management Board may be found in Molecular Partners' Annual Report and Compensation Report.

<sup>3</sup> Molecular Partners will be obliged to make employer contributions to social security insurance (providing for old age, unemployment, handicap, etc.) on top of the compensation of members of the Board of Directors, pursuant to applicable mandatory law. Based on currently applicable contribution rates and assuming vesting of all RSUs the employer contributions relating to fixed and long term compensation are expected not to exceed CHF 79'852.50 in the aggregate.

<sup>4</sup> Molecular Partners will be obliged to make employer contributions to social security insurance (providing for old age, unemployment, handicap, etc.) on top of the compensation of members of the Management Board pursuant to applicable mandatory law. As an estimate based on currently applicable contribution rates the employer contributions are expected not to exceed (i) with respect to the fixed compensation CHF 126'114, and (ii) with respect to the variable compensation (assuming full target achievement and full vesting of the PSUs) CHF 182'904.

### 9.3 Approval of the Variable Compensation Amount for the Management Board for the Current Financial Year

The Board of Directors proposes to approve the maximum aggregate amount of variable compensation of the four members of the Management Board for the current financial year of CHF 2'032'262.

#### *Explanations*

The proposed variable compensation consists of a variable short-term compensation element in cash and a variable long-term compensation element in the form of performance share units (PSUs) as well as estimated social security and pension contributions except for the mandatory employer contributions to state social security institutions<sup>2</sup>. PSUs are subject to a three-year vesting period. At the vesting date, participants may receive between zero and maximum 1.2 Molecular Partners shares per PSU based on achievement of predetermined performance criteria for the year 2018. The PSUs will be valued as of the date of grant. For purposes of this proposal the valuation will be based on the issuance of 1.2 shares for each PSU, i.e., assuming maximum target achievement. The proposal also assumes maximum target achievement for the variable short-term compensation.

Additional information on the short-term and long-term compensation model of the Management Board may be found in Molecular Partners' Annual Report and Compensation Report.

The annual general meeting will be conducted in English.

Schlieren, March 21, 2018

Jörn Aldag, Chairman of the Board of Directors

## Organizational Information

### Documents

The Annual Report 2017, which is published only in English and which includes the Compensation Report and the reports of the statutory auditors, is available for inspection at the domicile of Molecular Partners AG, Wagistrasse 14, 8952 Schlieren (Zurich). It is also available on the Company's website: [www.molecularpartners.com](http://www.molecularpartners.com).

### Participation and Voting Rights

Shareholders registered with voting rights in the share register as of April 10, 2018, 5:00 p.m., CEST, will be authorized to participate and vote at the annual general meeting. They will receive their admission card and voting materials upon returning the enclosed registration form. Please use therefor the enclosed pre-addressed envelope.

### Representation and Proxy

Shareholders who do not attend the annual general meeting in person may be represented by another shareholder or by the independent proxy, Raphael Keller (appointed as replacement for Andreas G. Keller), Anwaltskanzlei Keller, Gehrenholzpark 2g, 8055 Zurich. Shareholders wishing such representation by the independent proxy are asked to sign the enclosed proxy form and to forward it, together with any directives, to the Company's share registrar [areg.ch](http://areg.ch) ag (see below). For practical reasons, the decision to be represented by the independent proxy may be revoked by the shareholder in favor of personal attendance or attendance by another shareholder no later than April 16, 2018.

In the absence of specific instructions on the proxy form, general authorization is granted to the independent proxy to vote the shares in favor of the proposals of the Board of Directors. This also applies to proposals which were not included in this invitation and submitted during the annual general meeting.

### Electronic Proxy and Voting

You have also the option to issue proxies and voting instructions to the independent proxy via the Internet. Enter [www.netvote.ch/molecularpartners](http://www.netvote.ch/molecularpartners) in your browser and follow the user prompts on the display. You have the same reply options as with the paper format. You will find your personal access data (ID and password) for the initial registration on the registration form. Electronic participation and any changes to directives issued electronically may be made until April 16, 2018, 11:59 a.m., CEST.

### Entries in the Share Register – Trading of Shares

No entries will be made in the share register in the period from April 11, 2018 until the end of the 2018 annual general meeting. However, shares may be traded without restrictions. Shareholders who sell part or all of their shares before the 2018 annual general meeting are no longer entitled to vote to that extent. They are requested to return or to exchange their admission card and voting material.

### Future electronic receipt of AGM invitation

If you would like to receive invitations to AGMs electronically in the future, you can access the instruction issuance system under [www.netvote.ch/molecularpartners](http://www.netvote.ch/molecularpartners) and click on "Select correspondence method". The login details can be found on the enclosed reply slip.

### Questions

Please direct your administrative questions directly to our share registrar ([areg.ch](http://areg.ch) ag, Fabrikstrasse 10, 4614 Hägendorf, Tel +41 62 209 16 60, e-mail: [info@areg.ch](mailto:info@areg.ch)).

## Location

Molecular Partners AG, 5<sup>th</sup> Floor, Wagistrasse 14, 8952 Schlieren, Switzerland

