



Company Announcement

CLINUVEL

ASX: CUV
Nasdaq International Designation: CLVLY
XETRA-DAX: UR9

CLINUVEL RENEWS EMPLOYMENT AGREEMENT WITH CEO

Melbourne, Australia, 07 October 2019

CLINUVEL PHARMACEUTICALS LTD today announced that it has renewed the Employment Agreement with life science executive and CLINUVEL Managing Director Dr Philippe Wolgen for a term of three years ending 1 July 2022. As its long-serving key executive, Dr Wolgen has steered the Company since its restructure in 2005 to its current successful position.

According to its Board Charter, the Board of Directors delegates its responsibility to the Remuneration Committee to arrive at appropriate and fair remuneration practices for its key executives. The Remuneration Committee seeks to secure and, where possible, retain professional talent to lead and navigate the Company through the execution of its demanding short- and long-term strategy. In its deliberations on executive remuneration, the Committee obtained third party advice from legal sources specialised in executive employment agreements consistent with current market conditions, as well as consultants with relevant current experience in benchmarking executive remuneration against international comparable peers.

“We have arrived at a total compensation package for Dr Wolgen which aims to incentivise him for achieving long term objectives, while awarding part of his incentives in equity, in order to align the executive’s objectives and performance fully with the interests of shareholders,” CLINUVEL’s Head of Remuneration Committee Mr Willem Blijdorp said.

“In determining an appropriate level of total annual compensation for a CEO, the following objective measures were applied:

- a candidate’s longevity of service as CEO measured against the Company’s local and international peers;
- a candidate’s track record, integrity and professional qualifications for the position;
- the enterprise value (EV) created since a candidate’s first employment (in the case of Dr Wolgen, there has been an EV increase: >37x);
- the shareholder value created over the past three years (from 1 July 2016 to 30 June 2019, there has been an increase of 722%);
- the capability of a candidate to sustain the Company’s focus to reach profitability following market access; and
- a demonstrated result to attain stability of the business and management team over the long term of 10 years or more.

Amongst its international peers, CLINUVEL ranks near the median value of total annual remuneration awarded to its CEO,” Mr Blijdorp said.

“The Board of Directors and larger investors are clear in their opinion that we want to retain Philippe and see him supported by a stable senior management team in order to continue the Company’s successful journey, by incentivising him and his team for executing our strategy,” CLINUVEL’s Chair, Mr Stan McLiesh said. “We believe that successful execution of our strategy should see continued significant growth in shareholder value. I am grateful to all who have contributed to finalise this positive outcome for the Company today,” Mr McLiesh said.

- End -

Appendix: Key Terms of CEO Employment Agreement	
Term	36 months expiring on 1 July 2022
Fixed Base Remuneration (FBR)	Annual FBR of SGD\$1,319,915 (Singapore dollars)
Short-Term Incentives (STI)	<p>The executive will be entitled to a Short-Term Incentive on meeting annual key performance milestones with a maximum cap equal to SGD\$750,000 (100%), in the event of exceptional performance as to be discretionary to and agreed by the Board of Directors.</p> <p>As per reference, the maximum of annual STIs have not been awarded during the tenure of the executive.</p>
Business Generating Incentives (BGI)	<p>(i) BGI of €250,000 on positive results of a Phase II SCENESSE® study with the aim to innovate and expand in a new indication.</p> <p>(ii) BGI of €100,000 on commercial launch and successful first sales generated greater than €250,000 in sales orders received for OTC and non-pharmaceutical product(s).</p> <p>(iii) BGI of €500,000 for any R&D innovation leading to the development of new molecules and or formulations progressing to a first clinical (human) stage.</p> <p>(iv) BGI of €500,000 for any geographic or regional commercial license agreement or any collaboration agreement for the marketing and distribution of SCENESSE® or any other molecule(s).</p> <p>The Company wishes to reduce cash-based incentives. Therefore, these BGIs will be declared void and will be substituted by non-cash based long term-incentives in the form of conditional performance rights should shareholders approve the issue of performance rights to the executive at any time during the term of the employment agreement.</p>
Loyalty Payment (LP)	<p>The executive will be entitled to receive a payment equivalent SGD\$7,103 for each full month of service to CLINUVEL and its subsidiaries since employment start.¹</p> <p>The LP aims to recognise an ongoing commitment to the Company and carries a risk of forfeiture of 100% of the LP for 12 months following the Effective Date of the Employment Agreement should the executive provide a notice of termination during this period.</p> <p>Once the forfeiture period lapses, the LP shall be paid to the executive no less than 36 months following the Effective Date of the Employment Agreement unless the employment agreement is terminated sooner.</p>
Severance, Expiry of Term of Employment	<p>On termination for death, serious incapacity or a fundamental change, the executive is entitled to a final payment equivalent to:</p> <p>(i) payment in lieu of 12 months' notice</p> <p>(ii) any applicable Short-Term Incentives;</p> <p>(iii) BGIs (or the conditional performance rights, as the case may be upon shareholder approval for substitution of former);</p> <p>(iv) any applicable LP; and</p>

	<p>(v) accelerated vesting of all unvested performance rights under the Performance Rights Plan.</p> <p>For 12 months following expiry of the Employment Agreement, the executive will be prohibited from entering employment with a competing pharmaceutical or life sciences company working on related fields or similar technologies (melanocortin, pigmentation, genetic metabolic disorders).</p>
Board memberships	To ensure full commitment to the Company, the executive is prohibited from taking up other directorships of other public companies for the term of this Employment Agreement, unless explicitly agreed under exceptional circumstances by the Board of Directors.
Notes to Key Terms to the CEO Employment Agreement	<p>The executive's total annual remuneration has been benchmarked against 12 comparable peers operating internationally with market capitalisation ranging from A\$400 million to A\$10 billion, with particular emphasis on comparable life science companies which have posted profitability on a consolidated basis.</p> <p>The total compensation package for FY2020 awarded to the CLINUVEL executive is at or near the median of the peers benchmarked (equivalent to A\$1,683,956). The total compensation package takes into account, amongst other factors, CLINUVEL's share price performed, ranked second best among its peers within both a 12-month and 36-month window (1 July 2018-30 June 2019: 206% and 1 July 2016-30 June 2019:722%).</p> <p>¹ The payment is based on A\$7,500 per month, converted here to Singapore dollars for representation purposes using July 1 2019 exchange rates published by the Reserve Bank of Australia.</p>

About CLINUVEL PHARMACEUTICALS LIMITED

CLINUVEL PHARMACEUTICALS LTD (ASX: CUV; NASDAQ INTERNATIONAL DESIGNATION ADR: CLVLY; XETRA-DAX: UR9) is a global biopharmaceutical company focused on developing and delivering treatments for patients with a range of severe genetic and skin disorders. As pioneers in photomedicine and understanding the interaction of light and human biology, CLINUVEL's research and development has led to innovative treatments for patient populations with a clinical need for photoprotection and repigmentation. These patient groups range in size from 5,000 to 45 million worldwide. CLINUVEL's lead compound, SCENESSE® (afamelanotide 16mg), was approved by the European Commission in 2014 for the prevention of phototoxicity (anaphylactoid reactions and burns) in adult patients with erythropoietic protoporphyria (EPP). More information on EPP can be found at <http://www.epp.care>. Headquartered in Melbourne, Australia, CLINUVEL has operations in Europe, Switzerland, the US and Singapore, with the UK acting as the EU distribution centre. For more information go to <http://www.clinuvel.com>.

SCENESSE® is a registered trademark of CLINUVEL PHARMACEUTICALS LTD.

Head of Investor Relations

Mr Malcolm Bull, CLINUVEL PHARMACEUTICALS LTD

Investor enquiries

<https://www.clinuvel.com/investors/contact-us>

Forward-Looking Statements

This release contains forward-looking statements, which reflect the current beliefs and expectations of CLINUVEL's management. Statements may involve a number of known and unknown risks that could cause our future results, performance or achievements to differ significantly from those expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks relating to: our ability to develop and commercialise pharmaceutical products, including our ability to develop, manufacture, market and

sell biopharmaceutical products; competition for our products, especially SCENESSE® (afamelanotide 16mg); our ability to achieve expected safety and efficacy results through our innovative R&D efforts; the effectiveness of our patents and other protections for innovative products, particularly in view of national and regional variations in patent laws; our potential exposure to product liability claims to the extent not covered by insurance; increased government scrutiny in either Australia, the U.S., Europe and Japan of our agreements with third parties and suppliers; our exposure to currency fluctuations and restrictions as well as credit risks; the effects of reforms in healthcare regulation and pharmaceutical pricing and reimbursement; that the Company may incur unexpected delays in the outsourced manufacturing of SCENESSE® which may lead to it being unable to supply its commercial markets and/or clinical trial programs; any failures to comply with any government payment system (i.e. Medicare) reporting and payment obligations; uncertainties surrounding the legislative and regulatory pathways for the registration and approval of biotechnology based products; decisions by regulatory authorities regarding approval of our products as well as their decisions regarding label claims; any failure to retain or attract key personnel and managerial talent; the impact of broader change within the pharmaceutical industry and related industries; potential changes to tax liabilities or legislation; environmental risks; and other factors that have been discussed in our 2019 Preliminary Final Report. Forward-looking statements speak only as of the date on which they are made, and the Company undertakes no obligation, outside of those required under applicable laws or relevant listing rules of the Australian Securities Exchange, to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. More information on the forecasts and estimates is available on request. Past performance is not an indicator of future performance.

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