

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about its content or as to what action you should take, you should consult your stockbroker, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom, or another appropriately authorised independent adviser if you are in a territory outside the United Kingdom.

If you have sold or transferred all your shares in the Company, please pass this document and the accompanying proxy form to the purchaser or transferee or to the stockbroker or other agent through whom you made the sale or transfer, for transmission to the purchaser or transferee.



Notice of Annual General Meeting

Notice of the Annual General Meeting of Acacia Pharma Group plc

To be held at the offices of Acacia Pharma Inc at 8440 Allison Pointe Boulevard, Suite 100,
Indianapolis, Indiana 46250, United States

On Monday 28 June 2021 at 2:00 pm BST

Notice of the Annual General Meeting

Letter from the Chairman

25 May 2021

Dear Shareholder

The Annual General Meeting ("AGM") of Acacia Pharma Group plc (the "Company") will be held at the offices of Acacia Pharma Inc, 8440 Allison Pointe Boulevard, Suite 100, Indianapolis, Indiana 46250, United States, at 2:00pm BST on 28 June 2021.

The formal notice of AGM is set out on the following pages of this document, detailing the resolutions that the shareholders are being asked to vote on, together with explanatory notes of the business to be conducted at the AGM.

AGM arrangements in light of the Covid-19 pandemic.

Although indoor meetings will be permitted in the UK from 17 May 2021 (subject to applicable government guidance), given the uncertainty surrounding public gatherings and the broader public health considerations, it appears likely that international travel will still be restricted. Therefore, in order to allow the Chairman and CEO to attend, we have decided to hold the meeting at the US offices of Acacia Pharma Inc. Shareholders should note that, in the interests of minimising unnecessary travel and exposure to possible COVID transmission as required by Government guidance, not all members of the Board are expected to attend the AGM in person. Only Scott Byrd, Chairman, Mike Bolinder, CEO, will be present in person, along with Gary Gemignani, CFO and Anne-Marie Elsley, Group Company Secretary. Given the public health considerations, we recommend that shareholders do not attend the meeting in person.

Shareholders who still wish to attend the AGM in person, should this be possible, are asked to register their intention as soon as practicable by email to ir@acaciapharma.com to enable us to ensure the venue remains Covid-19 secure and the relevant risk assessments can be performed. The meeting will be subject to the relevant Covid-19 restrictions in force at the time, as governed by the mandates applicable to Marion County, Indiana, together with any US federal mandates. This may include restrictions on the number of attendees, requirements to wear masks, maintaining social distancing and other measures as required by applicable guidance.

Given the constantly evolving nature of the situation, it is possible that as a result of government guidance in place at the time, shareholders will not be able to attend the meeting in person. We will provide an update on our website at <https://acaciapharma.com/investors/shareholder-meetings> and, where appropriate, by an announcement via a Regulatory Information Service, if any changes are required to the AGM arrangements.

Whatever scenario we are faced with, the Board remains committed to shareholder engagement.

Your vote

Given the uncertainty around whether shareholders will be able to attend the AGM in person, I would encourage you to appoint the chair of the meeting as proxy to vote as you direct at the AGM. A Proxy Form is enclosed with this Notice of AGM for you to complete and return or you can submit your Proxy Form through the CREST service. For further details on appointing a proxy please see the notes to the Notice of the AGM starting on page 4. Please note that all Proxy Forms and appointments must be received by 2:00 pm BST on 24 June 2021.

If I am appointed as proxy I will, of course, vote in accordance with any instructions given to me. If I am given discretion as to how to vote, I will vote in favour of each of the resolutions to be proposed at the AGM.

Voting on the business of the meeting will be conducted by way of a poll. The results of voting on the resolutions will be announced via a regulatory announcement and posted on the Company's website as soon as practicable after the AGM.

Recommendation

The Board considers that the resolutions set out in the Notice of AGM are in the best interests of the Company and its shareholders as a whole. The Directors therefore recommend that shareholders vote in favour of each of the resolutions, as they intend to do in respect of their own shareholdings.

Yours faithfully,

Scott Byrd
Chairman

Notice of the Annual General Meeting

Notice is hereby given that the 2021 Annual General Meeting of the Company will be held at the offices of Acacia Pharma Inc, 8440 Allison Pointe Boulevard, Suite 100, Indianapolis, Indiana 46250, United States, at 2:00 pm BST on 28 June 2021 for the purposes of considering and voting on the resolutions set out below. Resolutions 1-11 will be proposed as ordinary resolutions which require a majority of the votes cast to vote in favour in order to be passed. Resolutions 12-13 will be proposed as a special resolutions which will require 75 per cent. or more of the votes cast to vote in favour in order to be passed.

ORDINARY RESOLUTIONS

Report and Accounts

1. To receive the consolidated financial statements and the reports of the Directors and the auditor for the year ended 31 December 2020.

Directors' Remuneration

2. To approve the Directors' Remuneration Policy set out in Appendix 1, such Policy to take effect after the end of the 2021 Annual General Meeting for 3 years or until replaced by a new or amended policy.
3. To approve the Directors' Remuneration Report (including the Remuneration Committee Chairman's Statement but excluding that part containing the Directors' Remuneration Policy) as set out in the Annual Report and Consolidated Financial Statements of the Company for the year ended 31 December 2020.

Election and Re-election of Directors

4. To re-elect Scott Byrd as a Director of the Company.
5. To re-elect Michael Bolinder as a Director of the Company.
6. To re-elect Edward Borkowski as a Director of the Company.
7. To re-elect John Brown as a Director of the Company.
8. To elect Alessandro Della Chá who was appointed as a Director of the Company since the last Annual General Meeting, as a Director of the Company.

Auditor

9. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company to hold office until the conclusion of the Company's next Annual General Meeting.
10. To authorise the Directors of the Company to agree the remuneration of the Company's auditor.

Allotment of Shares

11. THAT the directors of the Company (the "Directors") be and are hereby generally and unconditionally authorised, in addition to any existing authorities, pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Act), up to an aggregate nominal amount of £997,000, such authority to expire at the next annual general meeting of the Company (unless previously revoked or varied by the Company in general meeting), save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Notice of the Annual General Meeting

SPECIAL RESOLUTIONS

12. That subject to the passing of Resolution 11 above, in addition to any existing authorities, the Directors be and are hereby empowered, pursuant to sections 570 to 573 of the Act to allot equity securities for cash and to sell equity securities from treasury for cash pursuant to the authority referred to in Resolution 11 above as if section 561 of the Act did not apply to any such allotment or sale provided that this authority: (i) shall be limited to the allotment of equity securities and the sale of equity securities from treasury for cash up to an aggregate nominal amount of £997,000 and (ii) shall expire at the next annual general meeting of the Company (unless previously revoked or varied by the Company in general meeting), save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot equity securities or sell equity securities from treasury in pursuance of such an offer or agreement as if such power had not expired.
13. To resolve that Articles 56, 59, 62, 64, 65 and 67 of the Company's Articles of Association be amended as set out in the document presented to the meeting and signed for the purposes of identification by the Chairman.

Recommendation

The Directors consider that all the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions, as they intend to do in respect of their own beneficial holdings of shares.

By order of the Board

Anne-Marie Elsley
Company Secretary

25 May 2021

Registered Office: The Officers' Mess, Royston Road, Duxford, Cambridge CB22 4QH, United Kingdom

Registered in England and Wales No: 09759376

Notes relating to the Notice of Annual General Meeting

MEMBER NOTES:

The following notes explain your general rights as a shareholder and your right to attend and vote at the Annual General Meeting of the Company, or to appoint someone else to vote on your behalf.

1. Entitlement to attend and vote

To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of business on 24 June 2021. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

2. Proxies

- (a) As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting. You can only appoint a proxy using the procedures set out in these notes.
- (b) Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- (c) A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- (d) You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share.
- (e) If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box provided the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. If you submit more than one completed valid proxy, the proxy received last before the latest time for receipt of proxies will take precedence.
- (f) To appoint more than one proxy, you may photocopy the proxy form. Please indicate in the box on the form the number of shares in relation to which they are authorised to act as your proxy. Please also indicate with an "X" in the place provided on the proxy form if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- (g) To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you mark with an "X" "discretion", or if no voting indication is given, your proxy will vote or abstain from voting as he or she sees fit.
- (h) To appoint a proxy using this form, your proxy form must be:
 - completed and signed by the appointor or their duly authorised attorney;
 - sent or delivered to the Company's Registrars, Equiniti Limited, Aspect house, Spencer Road, Lancing, West Sussex BN99 6DA; and
 - received by post or by hand by no later than 2:00 pm BST on 24 June 2021 (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or a copy certified in accordance with the Power of Attorney Act 1971 or in some other manner approved by the Directors).

Completed proxy forms should NOT be sent to the Company's registered office.

Notes relating to the Notice of Annual General Meeting

- (i) In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney for the company stating their capacity (eg Director, Secretary).
- (j) Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.
- (k) CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual (available via <http://www.euroclear.com>) subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Equiniti Limited, whose CREST participant ID is RA19, by 2:00 pm BST on 24 June 2021.
- (l) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
- (m) If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- (n) Save through CREST, we do not have a facility to receive proxy forms electronically. Therefore, you may not use any electronic address referred to in the proxy form or any related document to submit your proxy form.

3. Corporate representatives

Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

4. Nominated persons

Any person to whom this notice is sent as a person nominated under section 146 of CA 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

The statement of the rights of members in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members of the Company.

5. Issued share capital and total voting rights

As at close of business on 24 May 2021 (being the latest practicable business day prior to the publication of this notice), the Company's ordinary issued share capital consists of 99,713,951, ordinary shares of £0.02 each, carrying one vote each. Therefore, the total voting rights in the Company as at close of business on 24 May 2021 were 99,713,951.

6. Members' requests under s527 of CA 2006

Under s527 of CA 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's consolidated financial statements (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual consolidated financial statements and reports were laid in accordance with s437 of CA 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with s527 or s528 of CA 2006. Where the Company is required to place a statement on a website under s527 of CA 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting

Notes relating to the Notice of Annual General Meeting

for the relevant financial year includes any statement that the Company has been required under s527 of CA 2006 to publish on a website.

7. Members' rights to ask questions

Any shareholder attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Annual General Meeting, but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

8. Inspection of documents

The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this notice until the time of the Annual General Meeting and may also be inspected at the Annual General Meeting venue, as specified in this notice, from 10.45 am on the day of the Annual General Meeting until the conclusion of the meeting:

Copies of the Directors' letters of appointment or service contracts.

9. Communication

You may not use any electronic address (within the meaning of s333(4) of CA 2006) provided in either this notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

10. Website

A copy of this notice, and other information required by s311A of CA 2006, can be found on the Company's website at www.acaciapharma.com.

11. Voting results

As soon as practicable after the Annual General Meeting, the results of the voting at the meeting and the number of proxy votes cast for and against, and the number of votes withheld, in respect of each resolution will be announced via a Regulatory Information Service and also placed on the Company's website www.acaciapharma.com.

Explanatory notes - resolutions

The notes below explain the proposed resolutions.

Resolution 1: Receiving the reports and accounts

The Directors must present the accounts and reports of the Company for the year ended 31 December 2019 to shareholders at the Annual General Meeting. These include the report of the Directors, the consolidated financial statements and the report of the auditor on the consolidated financial statements. Shareholders are being asked to receive the report and accounts.

Resolution 2: Approval of Directors' Remuneration Policy

Following a review of our overall approach to remuneration and in particular given the significant shift in the focus of the Company on the US market and the need to be competitive and more flexible in recruiting and incentivising senior US staff and our non-executive directors, we are proposing a new 2021 Directors' Remuneration Policy ("2021 Policy").

The 2021 Policy is set out in Appendix 1. It sets out the Company's proposed policy on remuneration and potential payments to Directors and, if approved, will replace the Directors' Remuneration Policy approved by shareholders at the Company's Annual General Meeting held on 7 April 2020 (which may be found on pages 48 to 53 of the Annual Report and Consolidated Financial Statements for the year ended 31 December 2020). As the Company intends to make changes from its existing Remuneration Policy, it must seek shareholder approval for the adoption of the 2021 Policy.

Resolution 3: Approval of Directors' Remuneration Report

Shareholders are invited to approve the Directors' Remuneration Report, excluding the Directors' Remuneration Policy, which may be found on pages 37 to 48 of the Annual Report and Consolidated Financial Statements for the year ended 31 December 2020. It sets out the pay and benefits received by each of the Directors for the year ended 31 December 2020. In line with legislation this vote will be advisory and in respect of the overall remuneration package.

Resolutions 4-7 (inclusive): Re-election of Directors

In accordance with the 2018 UK Corporate Governance Code, all Directors of the Company will stand for re-election on an annual basis. Accordingly, Scott Byrd, Mike Bolinder, Edward Borkowski and John Brown will retire and, being eligible will offer themselves for re-election at the Annual General Meeting. Biographies of each of the Directors are set out on pages 20 to 21 of the Annual Report and Financial Statements for the year ended 31 December 2020.

Following a formal performance evaluation, the Board considers that each Director continues to be effective and demonstrates commitment to their respective roles. The Board is satisfied that John Brown, Edward Borkowski and Scott Byrd are independent in character and that there are no relationships or circumstances which are likely to affect their character or judgement.

Resolution 8: Election of Alessandro Della Chá as a Director

Article 109 of the Articles of Association of the Company require any Director appointed since the last Annual General Meeting to stand for election at the next Annual General Meeting. Alessandro Della Chá will stand for election, having been appointed as a Director by the Board since the last AGM. Alessandro Della Chá's biography is set out on page 21 of the Annual Report.

Resolution 9: Re-appointment of auditor

The auditor of a public company must be appointed at each general meeting at which accounts are laid. Resolution 9 proposes the re-appointment of PricewaterhouseCoopers LLP, who have been in office since 2015, as auditor of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

Resolution 10: Authority to agree auditor's remuneration

Resolution 10 gives authority to the Directors, in accordance with standard practice, to agree the remuneration of the Company's auditor.

Ordinary Resolution 11 and Special Resolution 12: Authority to allot equity securities and disapply pre-emption rights

If passed, resolution 11 will authorise the Directors to allot and sell from treasury equity securities (as defined by section 560 of the Companies Act 2006 (as amended ("CA 2006"))) up to a maximum nominal amount of £997,000 which represents approximately 50 per cent. of the Company's issued ordinary shares (excluding treasury shares) as at 24 May 2021. The authority granted by this resolution will expire on the conclusion of next year's annual general meeting.

If passed, resolution 12 will authorise the Directors to allot and sell from treasury the equity securities authorised pursuant to resolution 11 otherwise than on a pre-emptive basis up to a maximum nominal amount of £997,000 which represents approximately 50 per cent of the Company's issued ordinary shares (excluding treasury shares) as at 24 May 2021. The authority granted by this resolution will expire on the conclusion of next year's annual general meeting.

The Directors intend to exercise these authorities in connection with future offerings of ordinary shares.

Special Resolution 13: Amendment to Articles Of Association

This resolution, which will be proposed as a special resolution, proposes to amend the Articles Of Association primarily to reflect developments in technology. The amended Articles Of Association as proposed to be adopted pursuant to resolution 13 will take effect from the conclusion of the AGM. The differences between the new and the existing Articles Of Association are that the new Articles of Association amend the provisions regarding the convening of general meetings and arrangements for simultaneous attendance, enabling the Company to provide additional opportunities for shareholders by participating in general meetings electronically. This has resulted in changes to articles 56, 59, 62, 64, 65 and 67 of the existing Articles of Association.

A copy of the Company's existing Articles Of Association, and a copy marked to show the differences between those and the amended articles of association as proposed to be adopted pursuant to resolution 13, will be available for inspection from the date of this notice and up to the time of the AGM at the registered office of the Company during usual business hours and at the place of the AGM from 2:00 pm BST until the close of the meeting. The articles will also be available at <https://acaciapharma.com/investors/corporate-governance>

Appendix 1 – 2021 Remuneration Policy

Following a review of our overall approach to remuneration and in particular given the significant shift in the focus of the Company on the US market and the need to be competitive and more flexible in recruiting and incentivising senior US staff and our non-executive directors, we are proposing a new 2021 Directors' Remuneration Policy ("2021 Policy"). We have consulted with, and taken into account the views of, our major Shareholders in the development of the 2021 Policy and they have expressed their support for the proposed changes.

The goal of the Remuneration Committee of the Board of Directors of the Company ("Committee") is to design and implement a remuneration policy which will support and reward Directors and senior management for delivering the Group's strategic objectives and ultimately creating value to Shareholders, whilst adhering to good corporate governance and reflecting best practice. To achieve this, the balance of remuneration continues to be focused on variable performance-related pay. In particular, to reflect the long-term nature of the Group's development pipeline, variable pay is more heavily weighted towards long-term sustainable value creation through the use of equity incentive plans. When combined with significant levels of share ownership guidelines, this creates an alignment between Executive Directors and Shareholders persisting for the longer-term. The potential levels of remuneration will continue to be set so that they are competitive against those comparator companies from which the Group will compete for talented individuals.

The detail of the 2021 Policy is contained here. The key changes from Company's initial Remuneration Policy (which was subject to a binding Shareholder vote at the Company's 2019 annual general meeting ("AGM") and amended by shareholder approval at the Company's 2020 AGM) are as follows:

- To increase the maximum bonus that may be payable in the event of achievement of stretch performance targets to 150% of annual base salary.
- To remove the quantitative maximum on the size of Executive Director equity awards and instead to work within benchmarking guidelines.
- To amend our approach to severance payments to permit additional flexibility in line with US market practice.
- To permit Executive Directors to participate in all employee share plans (to the extent offered to our employees in the relevant location) and defined contribution pension benefits.
- To permit Non-Executive Directors to participate in non-performance related equity incentives.

The proposed 2021 Policy will govern future payments that will be made to Directors, subject to shareholder approval at the Company's AGM on 28 June 2021 ("2021 AGM"). If approved, the 2021 Policy will take effect immediately following the 2021 AGM. All remuneration (including payments made in relation to recruitment and loss of office) will only be made if they are consistent with the approved Policy in force at the time of payment or otherwise approved by ordinary resolution.

Our overall remuneration strategy is unchanged. We aim to provide a remuneration framework that:

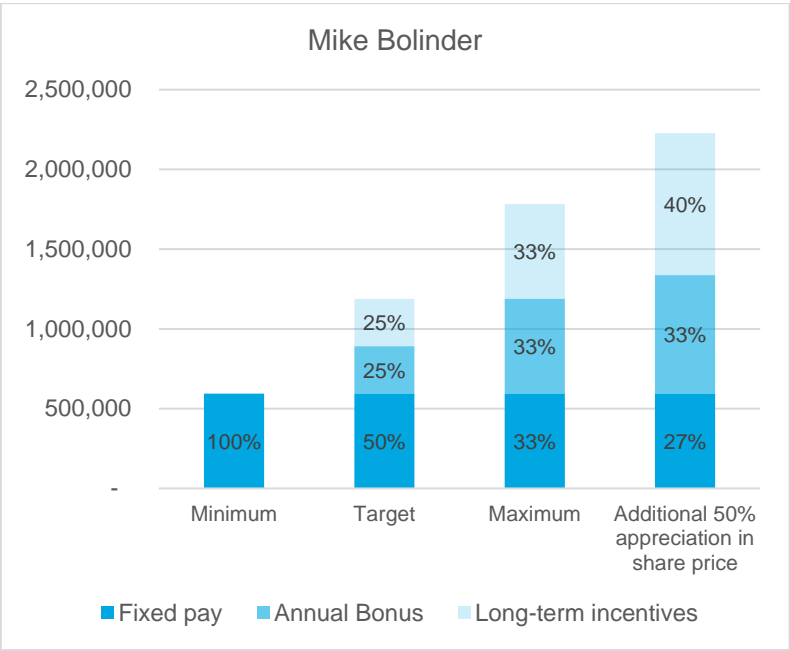
- promotes the long-term success of the business;
- attracts, retains and motivates executives and senior management in order to deliver the Group's strategic goals and business outputs;
- provides an appropriate balance between fixed and performance related pay supporting a high-performance culture promotes the long-term success of the business;
- provides a simple remuneration structure which is easily understood by all stakeholders;
- adheres to the principles of good corporate governance and appropriate risk management;
- aligns employees with the interests of Shareholders and other external stakeholders;
- considers the wider pay environment both internally and externally; and
- encourages widespread equity ownership across the Group.

In setting Executive Directors' remuneration, the Committee takes account of pay and conditions throughout the Group. The Committee also considers corporate governance requirements and best practice in terms of remuneration structures in the markets in which the Group operates and recruits and the process of setting executive remuneration.

The Committee reviews performance targets regularly to ensure that they do not encourage or motivate inappropriate risk taking. Furthermore, the Committee will, when necessary, take into account any reputational, environmental, social and governance (ESG) events and the Audit Committee's reviews of the effectiveness of internal controls and risk management when assessing performance. This is reinforced by the recovery withholding provisions applicable to the Company's equity plans.

Appendix 1 – 2021 Remuneration Policy

The chart below indicates the potential contribution of fixed and variable pay at different performance levels based on the 2021 Policy.



The total remuneration for the Executive Director is made up of the following elements: salary, benefits, annual bonus and long-term incentive awards. Recovery and withholding provisions will apply to elements of the bonus and long-term incentive arrangements in specific circumstances as determined appropriate by the Committee. The policy sets out the link between each element with the strategy, the manner in which it will be operated, the maximum potential values and performance metric.

Appendix 1 – Remuneration Policy

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Salary	Provides fixed remuneration in-line with market rates that reflects the responsibilities of the role undertaken and the experience of the individual.	Set at an approximately mid-market level and reviewed annually taking into account individual responsibilities, performance, inflation, and market rates. The Committee will also consider the pay and employment conditions in the wider workforce when determining an Executive Directors' salary. Salary increases are normally effective from 1 January each year. Salaries are periodically benchmarked against a relevant peer group of companies with similar market capitalisations and operations.	The current base salaries are set out in the Annual report on Remuneration. There is no formal maximum limit, but increases are generally in line with those of the wider workforce. Larger increases will only be permitted to reflect a change in responsibilities or a significant increase in the scale or complexity of the role.	The overall performance of the individual and Company is a key determinant for salary increases.
Benefits	Provides market competitive, yet cost-effective employment benefits.	<p>For Executive Directors this includes private medical insurance, life assurance and similar benefits. The benefits package available will generally be that which is available to all Group employees based in the same country as the Executive</p> <p>Executive Directors will be eligible to participate in the Company's all employee share plans as may be established and offered from time to time on the same terms as other employees in the jurisdiction in which they are engaged.</p> <p>Travel, accommodation and any reasonable business-related expenses (including tax thereon) may be reimbursed.</p>	Benefits will be based on market practice.	None.
Pension	The Company aims to provide a contribution towards life in retirement.	Depending on their location and comparable benefits offered to local employees, Executive Directors may be eligible to receive employer contributions to a defined contribution pension scheme or a cash supplement in lieu of such contributions, or a mixture of both.	The maximum employer pension contribution or cash in lieu amount will be a percentage of annual base salary aligned with that provided to other senior executives in the Executive Director's location.	None.
Annual Bonus	To incentivise and recognise execution of the business strategy and personal objectives on an annual basis.	Annual bonus performance targets are set in respect of each year by the Board and performance against objectives is assessed by the Committee. Bonuses will usually be delivered in cash although the Committee will review from time to time whether part of the bonus should be delivered in deferred shares and be subject to recovery and withholding provisions in the event of mis-statement of results, error in performance calculation or gross misconduct	The maximum bonus that may be awarded in the event of achievement of stretch targets for each Executive Director is 150% of annual base salary.	<p>Financial and operational targets are set in respect of each year by the Board. The weighting for each performance measure is determined by the Committee and may vary for each Executive Director according to their role and reflecting their objectives for the year.</p> <p>Details of the performance measures for the current year are provided in the Annual report on remuneration.</p>

Appendix 1 – Remuneration Policy

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Equity Incentives	To align the interests of management with shareholder interests and to enhance retention of staff. To incentivise and recognise achievement of longer-term business objectives and sustained superior Shareholder value creation.	Conditional awards (RSUs) or nil or nominal cost options are usually granted annually under the 2018 PSP or a future replacement equity incentive plan that may be put to shareholders for approval. Other forms of awards, including market value of options, may be granted in the discretion of the Committee. Awards vest provided the Executive remains employed by the Company over a defined vesting period. In line with competitive practice in the US, awards will generally be subject to time based vesting only, but all or part of an award may also be subject to certain performance conditions, which have been approved by the Board in respect of the relevant performance period. Recovery and withholding provisions may apply for reasons of mis-statement of results, error in performance calculation or gross misconduct.	<p>There is no defined maximum opportunity for equity awards. However, the Committee will generally work within the guidelines provided by our compensation consultants. We seek to establish equity-based remuneration competitive to that offered by a set of comparable companies with whom we may compete for talent.</p> <p>Dividend equivalents may be payable on vested awards.</p>	Performance conditions may apply to all or part of an award. Such conditions may be strategic objectives which may include milestones events, financial, strategic and/or personal objectives. Any performance conditions set will be designed to incentivise performance in support of the Company's strategy and business objectives. The Committee has flexibility to vary the mix of measures or introduce new measures for each subsequent award taking into account business priorities at the time of grant. The Committee may alter the vesting outcome if it considers that the level of vesting is inconsistent with the underlying performance of the business, taking account of any factors it considers relevant. This will help ensure that vesting reflects overall Company performance during the period.
Share ownership guidelines	To align Executives with Shareholders and provide an ongoing incentive for continued performance.	Only shares which are fully owned with no outstanding vesting criteria count towards the shareholding guideline. Executive Directors will be required to retain half of any post-tax awards which vest under deferred bonus or long-term incentive plans, until the share ownership guideline has been satisfied. Furthermore they will generally be required to retain half of any such post-tax awards for two years post-vesting or for two years post-employment if sooner.	Executive Directors are required to build and maintain a minimum level of shareholding of 200% of base salary.	None

Appendix 1 – Remuneration Policy

Committee Powers

The Committee operates the Company's remuneration plans in accordance with their rules from time to time. To maintain an efficient administrative process, the Committee retains the following powers to apply its judgement in setting remuneration:

- a. the eligibility to participate in the plans;
- b. the timing of grant of awards and any payments;
- c. the size of awards and payments (subject to any maximum limits set out in the policy table above and the respective plan rules);
- d. the determination of whether the performance conditions have been met;
- e. determining a good or bad leaver under the terms of the plan and the treatment of such leaver's cash and equity remuneration;
- f. dealing with a change of control or restructuring of the Group;
- g. adjustments required in certain capital events such as rights issues, corporate restructuring, events and special dividends and certain other out-of-the-ordinary events;
- h. the annual review of performance and other vesting conditions for the annual bonus plan and equity awards.

In certain exceptional circumstances, such as a material acquisition/divestment of a Group business, which mean the original performance conditions are no longer appropriate, the Committee may adjust the targets, alter weightings or set different measures as necessary, to ensure the conditions achieve their original purpose and are not materially less difficult to satisfy.

Remuneration on recruitment

The remuneration package for a new director will be set in accordance with the terms of Acacia's approved remuneration policy in force at the time of appointment but focusing on the objective of appointing the most appropriate incumbent in the right geography.

The salary for a new executive will be set to reflect their skills and experience, the Group's target pay positioning and the market rate for the role in the relevant location, subject to the overall goal of attracting the right candidate. Where it is appropriate to do so, salaries may be set below the normal market rate, with phased increases over the first few years as the executive gains experience in their new role.

Benefits and pensions will be in line with those offered to other executive directors, taking account of local market practice with relocation expenses provided if necessary. Tax equalisation may also be considered if an executive is adversely affected by taxation due to their employment with the Group. Legal fees and other costs incurred by the individual may also be met by the Group.

The ongoing incentive opportunity offered to new recruits will be in line with that offered to existing directors. Different measures and targets under the bonus plan or the Company's equity incentive arrangements may be set initially taking account of the responsibilities of the individual and the point in the financial year at which they join. A new employee may be granted normal annual equity awards in the first year of employment in addition to any awards made with respect to prior employment being forfeited, which shall be excluded from any annual maximum on the size of awards.

To enable the recruitment of exceptional talent, the Committee may determine that the buy-out of remuneration forfeit from a prior employer is necessary. Where possible, any replacement remuneration will be offered on a like-for-like basis with the forfeited awards and may be in the form of cash or shares and depending whether the award forgone has similar performance conditions, may or may not be subject to performance conditions. The value of any buy-out will be limited to the value of remuneration forfeit. Where appropriate, such awards will be granted under existing share plans, however, the Committee will have discretion to make standalone awards where appropriate.

For an internal executive appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to Shareholders for approval at the earliest opportunity.

For the appointment of a new Chairman or non-executive director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

Appendix 1 – Remuneration Policy

Exit payment policy

Service contracts

Depending on market practice in the jurisdiction in which an executive director is employed, exit payments shall depend on the circumstances of termination and may be made by reference to a notice period (including a payment in lieu of notice) or employment “at-will” together with a severance payment. Where a notice period applies, this will not exceed 12 months but may be accompanied by additional severance entitlements where applicable.

Salary and benefits

Termination without “cause” or for “good reason”	Termination without “cause” or for “good reason” within 3 months before or 12 months after a change of control	Other termination circumstances
Subject to the executive executing a release (subject to applicable law): 12 months’ salary and contractual benefits including COBRA or other applicable healthcare coverage.	Subject to the executive executing a release (subject to applicable law): 18 months’ salary and contractual benefits including COBRA or other applicable healthcare coverage.	No termination payment is contractually due (although a notice period may apply, depending on local market practice and circumstances of termination).

Annual Bonus

Termination without “cause” or for “good reason”	Termination without “cause” or for “good reason” within 3 months before or 12 months after a change of control	Other termination circumstances
Subject to the executive executing a release (subject to applicable law), on-target bonus paid in respect of any part year served, subject to pro-rata for time served plus a lump sum equal to 12 months’ on-target bonus. Bonus will be paid in full in respect of any full year served (subject to performance conditions being met).	Subject to the executive executing a release (subject to applicable law) a lump sum payment equal to 1.5 times on-target bonus will be paid.	Not normally paid, however, at the Committee’s discretion, if the termination date falls during the financial year, a bonus may be paid pro-rata for service rendered and subject to performance over the full financial year and normally paid on the normal payment date. If it falls after the end of the financial year bonus is payable based on actual results on the normal bonus payment date. There will be no payment for failure to perform.

Equity awards

Termination by notice or otherwise than in the prescribed circumstances	Redundancy, retirement, ill health, injury or disability, transfer of employment outside of the Group or change of control, or any other reason the Committee determines	Death	Change of control
Unvested awards lapse on cessation.	Unvested awards will vest either on the normal vesting date or at an earlier time determined by the Board. Awards will generally vest subject to the extent the performance condition has been met, as determined by the Committee. Awards will be pro-rated for time, unless the Committee determines otherwise.	Unvested awards will vest on the date of death. Awards will be pro-rated for time, unless the Committee determines otherwise.	Unvested awards will vest in connection with a change of control, generally subject to the extent any performance condition have been met, as determined by the Committee. Awards will be pro-rated for time, unless the Committee determines otherwise. Upon termination without “cause” or for “good reason” within 3 months before or 12 months after a change of control and subject to the executive executing a release (subject to applicable law) equity awards may be accelerated in full regardless of the extent to which time and performance based conditions have been met.

Appendix 1 – Remuneration Policy

Additional payments:

The Committee will make payment of any statutory entitlements as necessary. In addition, the Committee will retain the discretion to make additional payments in settlement of, or to compromise, an actual or potential claim in connection with a termination of any Executive Director as necessary.

Reasonable legal, relocation and outplacement costs will be met if deemed necessary.

Executive Director Employment Agreement

Michael Bolinder (our Chief Executive Officer and only current Executive Director) is currently employed at-will pursuant to an employment agreement entered into with our subsidiary, Acacia Pharma Inc., effective as of 1 August 2019. His employment may be terminated by either party at any time for any or no reason, with or without notice. Severance payments no greater than those described in this policy will be payable to him on termination. Upon termination of his employment agreement, our Chief Executive Officer is required to resign from all other positions within the Company's group. Following termination of his employment, our Chief Executive Officer will be bound by certain post-termination covenants.

As is customary for US executives, our Chief Executive Officer's remuneration is subject to a "best-after-tax" cutback for excise tax calculations under section 280G of the US Internal Revenue Code of 1986, with no tax gross-up.

Remuneration policy for Non-Executive Directors

The Committee is responsible for evaluating and making recommendations to the Board on fees payable to the Chairman. The Chairman does not participate in discussions in respect of his own fees. The Chairman and Chief Executive Officer are responsible for evaluating and making recommendations to the Board on the fees payable to the Company's Non-Executive Directors.

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Fees and benefits	To attract Non-Executive Directors who have a broad range of experience and skills to provide independent judgement on issues of strategy, performance, resources and standards of conduct.	A Board fee is paid to each Non-Executive Director. Supplemental fees are paid to the Senior Independent Director and for the Chairing and membership of Committees to recognise the additional time commitments and responsibilities of these roles.	The current fee levels are set out in the Annual Report on Remuneration. There is no formal maximum, but fee levels will be aligned to the market. Fees are reviewed on a periodic basis against those in similar sized companies to ensure they remain competitive and adequately reflect the time commitments and scope of the role.	Not performance related.
		Any increase in fee levels may be above that of the wider workforce in a particular year to reflect the periodic nature of any review and/or any change in responsibilities/time commitments. Non-Executive Directors ordinarily do not participate in any pension, bonus or performance-based share incentive plans. Travel, accommodation and other business-related expenses incurred in carrying out the role as well as fees for tax advice associated with completion of international tax returns will be paid by the Company including, if relevant, any gross-up for tax.		
Equity awards	To facilitate share ownership and provide alignment with shareholders.	Tax equalisation benefits may be provided to Non-Executive Directors who are required to relocate or become tax resident in a new jurisdiction.	There is no maximum award level for equity awards to Non-Executive Directors. The size of the equity awards will be determined by the Board, upon recommendation of the Committee. When reviewing award levels, account will be taken of market movements in equity awards, Board committee responsibilities, ongoing time commitments and the general economic conditions.	Not performance related.
		Non-Executive Directors may receive equity awards under any equity incentive plan operated by the Company from time to time which permits their participation with careful consideration being given to ensuring their independence.		
		Non-Executive Directors may receive an initial equity award upon appointment or election. Initial equity awards will normally vest over a specified period of time, subject generally to continued service. In addition, Non-Executive Directors may be granted an equity award each year which may vest in full upon grant or over time subject to continued service. If a new Non-Executive Director joins the Board following the date of grant of this annual grant in any calendar year, such Non-Executive Director may be granted a pro rata portion of the next annual grant to reflect his or her service during the relevant part of the relevant year.		

Non-Executive Directors are engaged under a Non-Executive Director appointment letter. Each appointment is normally terminable by either party on no more than three months written notice or payment in lieu of notice, but may be terminated immediately in certain circumstances. In the event of termination, Non-Executive Directors are only entitled to fees accrued to the date of termination together with reimbursement of expenses properly incurred before that date.

Statement of consideration of employees' pay and remuneration conditions elsewhere in the Group

The Company does not formally consult with employees on the matters of Executive Director remuneration. However, the Committee is made aware of employment conditions in the wider Group. The same broad principles apply to the remuneration policy for both Executive Directors and the wider employee population. However, the remuneration for Executive Directors has a stronger emphasis on performance-related pay than for other employees. Salaries, benefits and pensions are compared to appropriate market rates and set at approximately mid-market level with allowance for role, responsibilities and experience.

Statement of consideration of Shareholders' views

The Committee will consider any Shareholder feedback received at the Annual General Meeting and at meetings throughout the year, when reviewing the overall remuneration policy each year. The guidance from relevant shareholder representative bodies is also considered on an ongoing basis.

More specifically the Committee will consult with major Shareholders when proposing any significant changes to the policy in the future.