

GUIDELINES FOR COMPENSATION AND OTHER EMPLOYMENT TERMS AND CONDITIONS FOR EXECUTIVE MANAGEMENT

The Board of Directors proposes that the Annual General Meeting adopts the following guidelines for compensation and other employment terms and conditions for the executive management:

Executive management means the CEO and other members of the executive management of Bactiguard. The guidelines shall apply to remuneration that is agreed upon, and changes made to already agreed remuneration, after the guidelines have been adopted by the 2020 Annual General Meeting. The guidelines do not include remuneration decided by the general meeting, such as board fees and other remuneration to the board.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

In short, the company's business strategy is to develop and supply infection prevention solutions which reduce the risk of healthcare associated infections. Fewer infections reduces the number of infections, shortens hospital stays and the usage of antibiotics. This saves significant resources and costs for the healthcare system and society at large and contributes to decreased transmission of multi-resistant bacteria.

A prerequisite for the successful implementation of Bactiguard's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can offer competitive remuneration. These guidelines enable the company to offer executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting Bactiguard's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The total remuneration from Bactiguard to executive management shall be at market terms, reasonable and appropriate, and may consist of the following components: fixed salary, variable salary, pension and other benefits.

Executive management shall be offered a *fixed salary* at market terms, which shall be determined based on the individual's area of responsibility and experience. A review of the fixed salary shall be carried out on an annual basis for each calendar year.

Executive management may, from time to time, be offered *variable salary* at market terms. Such variable salary must be designed with the purpose of promoting Bactiguard's business strategy, long-term interests, including its sustainability, and linked to predetermined and measurable criteria. Such variable salary may not exceed 50 percent of the annual fixed salary.

Executive management shall be entitled to pension benefits at market terms, typically fee-based *pension schemes*. The pension premiums for premium defined pensions may not exceed 30 per cent of the fixed annual salary.

Other benefits for executive management may include company car, wellness contributions, medical insurance, interest compensation linked to financing acquisition of shares in Bactiguard, and other conventional benefits. Other benefits shall not constitute a substantial part of total remuneration. Premiums and other costs arising from such benefits may amount to a maximum of five per cent of the annual fixed salary.

Employment conditions that are governed by rules other than Swedish, may be appropriately adjusted to comply with mandatory local rules and practice, and the general purpose of these guidelines should be met as far as possible.

Criteria for awarding variable cash remuneration

Any variable remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, function-based, quantitative or qualitative objectives. The criteria shall be designed to contribute to Bactiguard's business strategy and long-term interests, including its sustainability.

The variable salary shall, to the greatest part, be linked to Bactiguard's revenues, EBITDA and/or cash-flow, and thereby aligned with the company's long-term financial targets. The remaining part of the variable salary may be based on individual and function-based objectives.

To which extent the criteria for awarding variable cash salary have been satisfied shall be evaluated when the measurement period, one or several years, has ended. The Remuneration Committee is accountable for the assessment of variable cash salary to the CEO. The CEO is accountable for the assessment of variable cash salary to the other members of executive management. As regards financial targets, the assessment shall be based on the latest financial information disclosed by the company.

To the extent permitted under applicable laws and agreements, the Board of Directors is entitled to reclaim, fully or in part, any variable salary paid on incorrect grounds.

Termination of employment

The notice period for executive management may not exceed six months, if notice of termination of employment is made by the company. Any severance pay may not be the fixed annual salary for one year.

In addition, compensation for non-competition may be paid. Such remuneration shall only compensate for any loss of income resulting from the non-competition obligation and shall be based on the remuneration that the executive had at the time of termination of employment.

Long-term share-related incentive plans

Resolutions regarding long-term, share-related incentive programs shall be adopted by the general meeting. On an annual basis, the Board of Directors will assess whether a long-term incentive program should be proposed to the Annual General Meeting or not, and if so, whether amendments to these guidelines are required for this reason.

The decision-making process to determine, review and implement the guidelines

The tasks of the Remuneration Committee include preparing the Board of Directors' proposed guidelines for remuneration to executive management and, where applicable, the Board of Directors' decision to deviate from the guidelines.

In preparing these remuneration guidelines, the employees' total compensation has been taken into account. The components of the total compensation, the increase and development of the compensation over time has formed part of the decision criteria for the Remuneration Committee and the Board of Directors when evaluating the fairness of the guidelines and the limitations that follow.

The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall remain in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall - where applicable – also follow and evaluate programs for variable remuneration to executive management, the application of the guidelines for remuneration to executive management as well as current remuneration structures and levels of remuneration in the company.

These guidelines apply to agreements concluded after the Annual General Meeting, and in the event that changes are made to existing agreements after this date. The Board of Directors shall be entitled to, temporarily, resolve to deviate from the guidelines, in whole or in part, if in a specific case, there is special cause for the deviation and it is necessary to serve Bactiguard's long-term interests, including its sustainability, or to ensure the company's financial viability.
