

## **The Board of Directors' proposal for remuneration guidelines and other employment conditions for the group management**

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The Board of Directors proposes that the Annual General Meeting adopts the following guidelines for remuneration to the CEO and other senior executives who are members of the group management.

### ***Principles***

In general, the guidelines for remuneration to the group management entails that remuneration to members of the group management shall be based on the position held, individual performance and the group's performance, and that it shall be competitive in the country of employment. The total remuneration for the group management shall comprise fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pension and other benefits. In addition, there are conditions on notice of termination and severance pay.

### ***Fixed salary***

Fixed salary shall constitute the basis for total remuneration. The salary shall be related to the relevant market and shall reflect the degree of responsibility that the position held entails.

### ***Variable salary (Short-term Incentive, "STI")***

Members of group management shall be entitled to STI in addition to the fixed salary. The STI shall be based on the financial result of the group and/or for the business unit for which the member of group management is responsible. Financial performance indicators that should be used are organic growth, earnings and cash flow. In addition, other specific performance indicators can be used in order to put focus on matters of special interest to the company. Clearly defined objectives for "threshold", "target" and "stretch" levels of performance shall be stated at the start of the year and reflect the plans approved by the Board of Directors. STI may amount to a maximum of 60 percent ("stretch") of the fixed salary for the CEO and the other members of the group management.

### ***Long-term incentives***

The Board of Directors will annually evaluate if a long-term incentive program (e.g. share or share price based) should be proposed to the Annual General Meeting. Any long-term incentive programs shall promote a long-term engagement in the company, attract and serve to retain members of the group management and key personnel, as well as create an increased alignment of interests between the participant in the program and the shareholders of the company. Furthermore, any long-term incentive programs, to the extent they exist, shall be a complement to the fixed and variable salary, with participants nominated based on competence and performance.

The terms of any long-term incentive programs, including information regarding the maximum costs for the company, shall, where appropriate, be set forth in the Board of Directors' proposal.

### ***Pensions***

Pension benefits shall be defined contribution. The age of retirement follow the country specific pension rules.

### ***Notice of termination and severance pay***

For the CEO and the other members of the group management, mutual notice periods of 6 months shall apply as a general rule. The CEO and the other members of the group management shall, upon termination of their employments by the company, be entitled to severance pay amounting to not more than 12 months' fixed salary. No severance payment will be made when the employment is terminated by the employee.

### ***Authority for the Board to deviate from the principles***

Under special circumstances, the Board of Directors may deviate from these guidelines. In case of such deviation, the next Annual General Meeting shall be informed of the reasons.

### ***Deviation from the 2018 guidelines***

The 2018 guidelines authorised the Board of Directors to deviate from the guidelines if there were, in an individual case, justifying special circumstances. The guidelines stipulated that STI may amount to a maximum of 50 percent of the fixed salary. During 2018, the Board of Directors decided to approve

an employment agreement for the CEO of the group, according to which STI amounts to a maximum of 60 percent of the fixed salary. The Board of Directors' decision was motivated by the existence of special circumstances, taking into consideration the need to recruit the right person for the position, and the Board of Directors further considered a higher remuneration appropriate, necessary and in accordance with market terms.

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**Handicare Group AB (publ)**  
*Board of Directors*