

## The Board of Directors' proposal to guidelines for remuneration to Senior Executives

The Board of Directors of Getinge AB (publ) proposes that the 2020 Annual General Meeting resolves on the following guidelines for remuneration to Senior Executives.

### 1. Scope of the guidelines, etc.

These guidelines cover the individuals who, during the validity period of the guidelines, are included in the group management of Getinge AB (publ), below referred to as "Senior Executives". After adoption of the guidelines by the Annual General Meeting 2020, the guidelines shall be applicable on remuneration agreed and amendments in remunerations already agreed. These guidelines do not apply on any remuneration decided on by the General Meeting.

### 2. Promotion of Getinge's business strategy, long-term interests and sustainability, etc.

A prerequisite for successful implementation of the company's business strategy and safeguarding of its long-term interests is that the company is able to recruit and retain qualified personnel. The basic principle is that remuneration, and other conditions for employment for Senior Executives, shall be in line with market conditions and competitive on every market where Getinge operates, to ensure that competent and skilled personnel can be attracted, motivated and retained. Individual levels of remuneration shall be based on experience, competence, level of responsibility and performance, and also the country where the Senior Executive is employed. These guidelines promote the company's business strategy, long-term interests and sustainability as described in the below section regarding criteria for variable remuneration, and also contributes to the ability for the company to, on a long-term basis, retain qualified personnel to the business.

### 3. Principles for various types of remuneration, etc.

The total remuneration to Senior Executives shall be in line with market conditions and consist of base salary (fixed cash remuneration), variable cash remuneration, pension benefits and other benefits. In addition, the General Meeting may – irrespective of these guidelines – resolve on, for instance, share- or share price-related remunerations.

#### ***Fixed remuneration***

The fixed remuneration, meaning the base salary, shall be based on the individual employee's area of responsibility, mandate, competence, experience and performance.

### ***Variable remuneration***

The allocation between base salary and variable remuneration shall be in proportion with the area of responsibility and mandate of the executive. The variable remuneration shall always be prelimited to a maximum amount and related to predetermined and measurable criterias, designed to contribute to the company's business strategy and long-term added value of the company.

The sustainability work is integrated in the company's day-to-day operations. If the company's principles for sustainability or ethical guidelines are not complied with, the company has the possibility to withhold any variable remuneration or reclaim already paid remuneration. The variable remuneration is designed to promote the company's strategy to long-term produce and offer products that help to make care giving more efficient and to provide better medical care for the people who require Getinge's products. If the above-mentioned activities are performed in an efficient and sustainable manner, one effect is improved financial results and increased capital efficiency, which constitutes the foundation of the variable remuneration.

### ***Annual variable remuneration***

For Senior Executives, the annual variable remuneration (annual bonus) shall be capped at 70 % and, in specific cases, where the nature of the position, the competitive situation and the country of employment so require, up to 90 % of the fixed yearly base salary. The variable remuneration shall be based on the objectives set by the Board of Directors. These objectives are connected to earnings, organic growth, working capital and cash flow. In order to promote the interest of the shareholders', the company's values and collectively strive to achieve the company's business strategy, long-term interests and sustainable development of the company, all members of the group management have the same targets for annual variable remuneration.

### ***Variable long-term cash bonus (LTI-bonus)***

In addition to base salary and the annual variable remuneration described above, Senior Executives can obtain a variable long-term bonus (LTI-bonus), which rewards clear, measurable performance targets and is conditioned by continued employment at the end of the performance period for the LTI-bonus (with some customary exceptions). The criteria for payment of the LTI-bonus shall be constructed to promote the long-term interests and sustainable development of Getinge by a clear connection to the business strategy. The criteria for the LTI-bonus are connected to earnings per share, adjusted in accordance with any acquisitions, sale of companies, restructuring costs and/or other material non-recurrent costs. By connecting the targets to the main objectives of the shareholders', a common interest to further promote Getinge's business strategy and long-term interests is created. The performance period for the LTI-bonus shall be no less than three financial years and, for each three-year period, the LTI-bonus shall be capped at an amount corresponding to one year's base salary. Each Senior Executive of the group management shall invest at least 50 % of the payout (net, after taxes paid) in Getinge shares, until a reinvestment corresponding to one year's salary (gross) has been reached. The Senior Executive shall keep the shares for at least three years.

### ***Determination of the outcome of variable remuneration, etc.***

At the end of the performance period to fulfil the criteria for payment of the variable remuneration, the Board of Directors shall, based on proposal by the Remuneration Committee, establish to which extent the criterias are fulfilled. In its assessment on whether the criterias are fulfilled or not, the Board of Directors may, in accordance with proposal by the Remuneration Committee, allow exception from the established targets on the conditions set out in the below item 5. The assessment of whether the financial targets have been reached shall be based on the company's most recent published financial information, with any adjustments predetermined by the Board of Directors when implementing the program. Variable cash payment may be awarded after the expiration of the performance period (annual variable remuneration) or be subject to postponed payment (LTI-bonus).

Getinge is actively working to ensure that the company is managed in the most sustainable, responsible and efficient way possible, and that applicable legislation and regulations are complied with. Getinge also apply internal regulations, including the code of conduct and different Group-wide steering documents (policies, instructions and guidelines) within many different fields. Any variable remuneration can be withheld or reclaimed, if the Senior Executive has acted contrary to these rules, principles or the company's code of conduct. Any variable remuneration shall not be awarded if the earnings before tax is negative. The Board of Directors shall also have the possibility to, in accordance with legislation or agreement, in whole or in part, reclaim any variable remuneration awarded on incorrect basis.

#### ***Other variable remuneration***

Further variable cash remuneration may be awarded due to extraordinary circumstances, provided that such extraordinary arrangements are only conducted for the purpose of recruiting or retaining executives. Such remuneration may not exceed an amount corresponding to 100% of the base salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors and based on a proposal by the Remuneration Committee. In addition to variable remuneration, resolutions on share- or share price related incentive plans, in accordance with the above, may from time to time be made.

#### ***Pension and health insurance (sw. sjukförsäkring)***

The CEO has right to retire from the age of 62 and other Senior Executives has right to retire in accordance with current local regulations.

Pension contributions for the CEO shall amount to no more than 40% of the fixed base salary on a defined contribution basis. Variable cash remuneration shall not qualify for pension benefits.

Other Senior Executives shall be covered by ITP1 or ITP2 and the pension benefits shall be on a defined contribution basis. Variable cash remuneration shall not qualify for pension benefits in general, except where mandatory collective agreement provisions are applicable for the Executive, in which case, this shall be considered when establishing the total benefit package. Senior Executives covered by ITP2, with the possibility to choose 'alternative ITP' has, according to the ITP2-pension plan, benefits up to 7.5 income base amounts (sw. *inkomstbasbelopp*) ("IBB") and

health insurance covering a salary up to 30 IBB. On parts of the salary above the cap of the ITP2-plan of 30 IBB, there is a supplementary contribution of 30% of the pensionable salary.

In addition to the above, Senior Executives can be covered by an additional health income insurance (*sw. sjukinkomstförsäkring*) for parts of the salary over 30 IBB, premium relief insurance (*sw. premiefrielseförsäkring*) and part-time pension premium, amounting to not more than 3% of the fixed base salary.

For employments governed by other than Swedish regulations, pension benefits and other benefits may be duly amended to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these Guidelines.

#### **Other benefits**

Other benefits such as company car, additional medical insurance (*sw. sjukvårdsförsäkring*) and company health care (*sw. företagshälsovård*), may be provided to the extent this is considered to be in line with market terms for Senior Executives in equal positions in the employment location. The total value of such benefits may not exceed 10% of the fixed base salary.

#### **Conditions for termination**

Senior executives shall have a permanent employment. The notice period may not exceed twelve months if notice of termination of employment is made by the company. Upon notice of termination, the fixed salary during the period of notice together with severance pay may together not exceed an amount equivalent to the CEO's fixed base salary for two years, and one year for other executives. The period of notice may not to exceed six months when termination is made by the executive, without any right to severance pay.

Senior executives may be entitled to reimbursement for competition restrictions after the termination of their employment, however, only to the extent severance pay for the corresponding period is not awarded. The purpose of such reimbursement is to compensate the executive for the gap between the monthly base salary at the period for the notice of termination and the (lower) monthly income received, or which could be received, by a new employment, assignment or own business. The reimbursement may be paid during the period of the competition restriction, however, not more than 12 months after the termination of the employment.

#### **Salary and employment conditions for employees**

When preparing the Board of Director's proposal for these remuneration guidelines, salary and employment conditions for the company's employees have been considered. This have been made by including information of the total income of the employees, the components of the remuneration and the increase and growth rate over time, and constitutes one part of the Remuneration Committee's and the Board of Directors' basis for decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The increase of the gap between the remuneration to Senior Executives and remuneration to other employees will be disclosed in the remuneration report.

#### **4. The decision-making process to determine, review and implement the guidelines**

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose Guidelines for executive remuneration. These are reviewed by the Board annually and presented to the Annual General Meeting for resolution. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the group management, the guidelines for remuneration to Senior Executives, as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the group management do not participate in the Board of Directors' processing of, and resolutions on remuneration-related matters as far as such matters concerns them.

#### **5. Deviations from the guidelines**

The Board of Directors may 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 a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the Guidelines.

#### **6. Other**

The guidelines entail a level of remuneration, which in principle is equivalent to the remuneration for the financial year 2019.

Information on remuneration, etc. to Senior Executives during the financial year 2019 is set out on page 106 (part of note 29) of the Annual Report 2019, including any previously resolved remuneration that has not yet been due for payment.

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Gothenburg in March 2020  
**The Board of Directors of Getinge AB (publ)**