

# Corporate Governance Report 2014

Bactiguard Holding AB (publ) ('Bactiguard' or 'the company') has prepared this Corporate Governance Report in compliance with Chap.6 § 6 of the Swedish Annual Accounts Act and Chap. 10 of the Swedish Code of Corporate Governance ('the Code').

In addition to the principles for corporate governance required by law applicable legislation, at Bactiguard corporate governance is based on internal documents (such as the articles of association, Board of Directors' work plan and CEO instruction, and policies and guidelines), as well as external rules such as the Nasdaq Stockholm Rules and regulations for Issuers and the Swedish Code of Corporate Governance. In 2014, the company has made no deviations from the Code.

## Shares listed on Nasdaq Stockholm

The Bactiguard series B share was listed on Nasdaq Stockholm on 19 June 2014. At year-end, the total number of outstanding shares was 33,302,373 (of which 4,000,000 non-listed series A shares) and the number of shareholders was 2,527. The five largest shareholders in the company as of 31 December 2014 are:

Shareholders	Total series A shares	Total series B shares	% of Equity	% of Votes
Christian Kinch and family and companies	2,000,000	8,035,089	30.1	40.5
Thomas von Koch and companies	2,000,000	8,034,989	30.1	40.5
Handelsbanken Fonder AB	–	1,808,875	5.4	2.6
Robur Försäkring	–	987,543	3.0	1.4
Swedbank Robur Fonder	–	600,684	1.8	0.9

## General Meetings

The shareholders' right to decide on matters affecting Bactiguard is exercised at the general meeting in accordance with the Swedish Companies Act and is the company's highest decision-making organ. The rules that control conducting general meetings are found in the Swedish Companies Act, the Code, and the company articles of association §§ 10–12.

All shareholders registered in the share registry as of the record date and who have provided timely notice of their intention to participate in the general meeting are entitled to participate therein and vote their full shareholding. There are no limitations as to the number of votes shareholders may exercise at the general meeting. Notice for convening the general meeting is published for shareholders on the company's website and announced in Post- och Inrikes Tidningar. Simultaneously with publication of the notice, the company advertises this information in the newspaper Dagens Industri. Shareholders wanting to have a matter considered at the general meeting shall request so in writing to the Board of Directors. Such matters shall be brought for consideration at the general meeting if the request was submitted to the Board of Directors no later than seven weeks prior to the meeting. All shareholders are entitled to ask questions to the company regarding matters on the agenda for the general meeting, and in relation to the company and group financial position.

An annual general meeting ('AGM') shall be held in Stockholm within six months of the closing date for the financial year. The company financial year begins on 1 January and closes 31 December. The AGM determines issues including adopting the company's annual report, appropriation of the company profit or loss, and discharging the directors of the board and the CEO from liability. The AGM also appoints directors to the board and auditors, and determines the establishment of a nomination

committee, fees for board directors, and auditors, and guidelines for determining salaries and remuneration to the CEO and other senior managers.

Resolutions by the general meeting are normally passed by simple majority vote, except where the Swedish Companies Act stipulates qualified majority of the shares and/or votes, as, for example, resolutions regarding amendment of the company's articles of association. In preparation for the listing of the company's shares, the Board of Directors was authorized by the 2014 AGM to conduct an offset share issue and a new share issue. The board exercised both authorizations in connection with the listing of the Bactiguard share. The general meeting has not authorized the Board of Directors to repurchase company shares.

## The Articles of Association

The Bactiguard articles of association are published in full at the Bactiguard website, [www.bactiguard.se](http://www.bactiguard.se). Changes to Bactiguard's articles of association are made in accordance with the provisions of the Swedish Companies Act. Bactiguard's articles of association provide that the Board of Directors shall consist of not less than three and no more than seven directors. The directors of the board are elected by the AGM for one year at a time.

## Nomination committee

At the 2014 AGM, rules were adopted for appointment of members to the nomination committee for the 2015 AGM. These rules, as adopted, provide that the nomination committee shall be formed by the chairman of the board contacting the three largest shareholders (by votes) as per ownership statistics on 31 August, who each shall be entitled to appoint one member to serve together with the chairman of the board on the nomina-

tion committee. For the 2015 AGM, the nomination committee consists of Michael Wigge, Chair (appointed by Bactiguard B.V.), Frank Larsson (appointed by Handelsbanken Fonder AB) and Christian Kinch (appointed by KK Invest AB and also the chairman of the board).

### Board of Directors

The Board of Directors is the highest management organ of the company, standing under the authority of the general meeting. The Board of Directors is, inter alia, responsible for the company's organisation and management of the company's affairs, ensuring that the company's organization is designed to adequately control the company's accounts, financial management and other economic conditions. The Board of Directors shall continually assess the company's financial position. The Board of Directors shall primarily address comprehensive and long-term issues, and other issues of unusual character or great significance to the group and the company.

The Board of Directors' work shall follow a written work plan that shall ensure that the board is fully informed and that all control related aspects of company's operations are addressed. Since the chairman of the board has a continuing assignment within the company, the company work plan specifically provides for division of duties between the chairman of the board and the CEO. The work plan specifies that the chairman of the board shall not take measures or perform tasks in his continuing assignment that infringe on the responsibilities of the CEO for daily management of the company, unless the Board of Directors resolves to do so with the required majority vote. Pursuant to the work plan the chairman of the board is responsible for monitoring and discussing the developments of Bactiguard in regular contacts with the CEO. The chairman of the board shall also perform duties such as ensuring the board directors receive continual information from the CEO as necessary to monitor the company's financial position, financial planning and development, and that an annual assessment of the board's work is conducted. The board work plan provides that the board shall, in a 12 month cycle, addresses at least the following areas of importance for the company; accounting and auditing issues; market and market analyses; risk identification; strategy; organization; assessment of the Board of Directors and the CEO and the system for internal control; and the company's capital structure.

During 2014 the Board of Directors held a total of 15 meetings where minutes were recorded. Christian Kinch and Thomas von Koch attended all these meetings. Ulf Mattsson attended all but one of these meetings. Mia Arnhult attended all 14 meetings held after she was elected to the board at the extra-ordinary general meeting held 21 March 2014. For the first six months of 2014, the board concentrated their work on preparing Bactiguard for the listing of the company's shares. The board hereby resolved to adopt and update the policies significant for the company's operations. For the period following the share listing, the Board of Directors concentrated their work on monitoring the company's strategic activities and the planned additions to the company marketing and sales organization. During 2014, the Board of Directors has consisted of the following directors, as elected by the AGM.

**Christian Kinch** (chairman). Born 1966. Chairman of the board since March 2014 and chairman of the remuneration committee. Board assignment within the group since 2005. CEO for the group from 2005 to February 2014.

*Shareholding in Bactiguard as per 31 December 2014:*

Series B	100 (Children)
Series B	35,000 (Personal)
Series A	2,000,000 (Legal entity)
Series B	7,999,989 (Legal entity)

**Thomas von Koch**. Born 1966. Board member since 2011 and member of the audit and remuneration committees. Board assignments within the group since 2005.

*Shareholding in Bactiguard as per 31 December 2014:*

Series B	35,000 (Personal)
Series A	2,000,000 (Legal entity)
Series B	7,999,989 (Legal entity)

**Ulf Mattsson**. Born 1964. Board member since 2012 and member of the audit and remuneration committees.

*Shareholding in Bactiguard as per 31 December 2014:*

Call option B	200,000 (Legal entity)
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**Mia Arnhult**. Born 1969. Board member since 2014 and chairman of the audit committee.

*Shareholding in Bactiguard as per 31 December 2014:*

Call option B	50,000 (Personal)
Series B	516,000 (Legal entity)

### Board Committees

The Board of Directors has instituted two committees; an audit committee and a remuneration committee.

The audit committee is tasked with monitoring the company's financial reporting and the effectiveness of internal controls and risk management in the company, and internal audits as necessary. The committee shall also monitor and review the auditor's independence and impartiality, and especially follow whether the auditor provided the company other services than purely auditing services. The committee also contributes proposals to the general meeting for adoption regarding the appointment of auditors. The audit committee includes board members Mia Arnhult (chairman), Thomas von Koch and Ulf Mattsson and complies with Code requirements for independence of committee members. In 2014, the audit committee has held one meeting where all members were present.

The remuneration committee shall support the Board of Directors with proposals, advice, and preparation in regard to issues of remuneration principles for the CEO and other senior managers and individual remuneration to the CEO in accordance with established principles. These principles include the relationship between fixed and any variable remuneration, and the relationship between performance and remuneration, the general terms for any bonus and incentive program, and the general terms for non-monetary benefits, pension, notice of termination and severance pay. The board is also responsible as a whole for

