

## **GUIDELINES FOR COMPENSATION AND OTHER EMPLOYMENT TERMS AND CONDITIONS FOR SENIOR MANAGEMENT**

---

The Board of Directors proposes that the Annual General Meeting adopt the following guidelines for compensation and other employment terms and conditions for senior management.

Senior management means the CEO and other senior management personnel of Bactiguard, and members of the Board of Directors to the extent they receive compensation outside of their board duties.

Bactiguard shall apply the compensation levels and terms and conditions which are necessary in order to recruit and retain senior management personnel with the expertise and experience required in order to achieve the company's operating goals. The total compensation paid to senior management shall be competitive, reasonable and suited for its purpose.

Senior management personnel shall be offered a fixed salary on 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.

Senior management personnel may, from time to time, be offered variable compensation on market terms. Such variable compensation must be designed with the purpose of promoting Bactiguard's long-term growth and linked to predetermined and measurable criteria. Any variable compensation must be limited to 50% of the fixed annual salary. When structuring variable compensation for senior management which is to be paid in cash, the Board of Directors shall consider imposing conditions such as (i) making payment of a certain portion of such compensation conditional on the performance on which such earnings are based proving to be sustainable over time; and (ii) providing the company with an opportunity to claim repayment of such compensation paid on the basis of information which subsequently proves to be obviously incorrect.

Senior management personnel shall be entitled to pension solutions on market terms. Fee-based pension benefits are preferable.

Other benefits may consist of a company car, healthcare contributions and other customary benefits. Other benefits shall not constitute a significant part of the total compensation.

Upon notice of termination by the company of the employment of a senior management employee, the notice of termination period shall not be longer than six months. Severance compensation may be paid in an amount not greater than one year's fixed salary.

Provided the Board of Directors deems such appropriate, the company's senior management shall also be offered an opportunity to participate in long-term stock or stock price-based incentive programs designed to ensure a long-term commitment to the company's growth. Decisions regarding any stock and stock price-related incentive programs shall be adopted by the shareholder meeting. On an annual basis, the Board of Directors shall evaluate whether a long-term incentive program

shall be proposed to the shareholder meeting and, if so, whether the proposed long-term incentive program shall include a transfer of shares in the company.

These guidelines shall apply to agreements entered into after the shareholder meeting and, in the event changes are made in existing agreements, after such time. The Board of Directors shall be entitled to deviate from the above-stated guidelines where it deems that special cause exists to do so in an individual case.

---