

Karolinska Development AB, AGM 2019

Item 15 Complete proposal

Proposal from the board of directors' of Karolinska Development AB (publ) for approval of *Guidelines for Remuneration to Executive Management*

It is proposed that the annual general meeting resolves to approve the proposal for Guidelines for Remuneration to Executive Management.

Guidelines for Remuneration to Executive Management

1 Applicability

The Guidelines shall be in force until the Annual General Meeting 2020.

The Guidelines applies on salary and other forms of remuneration to the CEO and other management personnel (executive management) decided after the 2019 Annual General Meeting. They apply to all categories of remunerations and benefits, whether paid in cash, or paid now or in the future, or if certain or uncertain. Compensation and issues of securities covered by Chapter 16 of the Swedish Companies Act are not covered by these Guidelines.

2 Guidelines for Remuneration

2.1 General

Remuneration to executive management comprises fixed salary, variable remuneration, pension and customary other benefits.

Karolinska Development shall maintain compensation levels and terms required to recruit and keep an executive management with the competence and experience necessary to meet the company's operational goals. The total remuneration to executive management shall be competitive, reasonable and appropriate.

Market term consultancy fee may be paid to board directors that perform services to the company outside the scope of the directorship.

2.2 Fixed salary

Fixed salaries shall be based on each individual's experience and field of responsibility. Fixed salary shall be revised annually for each calendar year.

2.3 Variable remuneration

Variable remunerations shall be formed to promote Karolinska Development's long term value creation; be based upon criteria that are predetermined, clear, measurable and that can be influenced; if in form of variable salary, have a fixed cap; not be included when calculating pension insurance premiums.

CEO and other executive management are entitled to bonus based on exits in the portfolio. The total maximum payment for the exit related bonus, shall be limited to MSEK 50 per exit and financial year.

Annual short-term incentive programs (STI) based on set objectives are proposed by the Remuneration Committee and resolved by the Board of Directors for each calendar year. The payment to an employee

under a STI program shall be limited to an amount corresponding to six months' salaries. The cost for the company at maximum outcome of STI 2019 amounts to 3.7 MSEK.

The company has six annual long-term incentive programs (LTI) for the year 2018-2010, 2015 and 2017, each resolved by the respective Annual General Meeting.

Information about the exit bonus and about the STI and LTI programs will be found in the Annual report for 2018, note 5. Information is also available on the Company's web site in the Corporate Governance section.

2.4 Pension

The company's costs for pension for an employee shall be paid during the period when the employee is active in the company. Pension insurance premiums shall not be paid when an employee has retired. In addition to what is required under Swedish law, premiums shall be paid in accordance with an adopted pension premium plan.

2.5 Customary other benefits

Executive management are entitled to such customary other benefits that are applied for all employees at Karolinska Development, such as sick pay, health care and wellness program. The number of paid holidays is thirty.

Executive management are not allowed to receive fees for serving as directors of board of directors, when related to the employment at Karolinska Development. The company does not provide company cars.

The termination period at termination by the company shall not exceed twelve months for the CEO and six months for other executive management. Severance pay may be paid only to the CEO. Fixed salary during a period of notice and severance pay aggregated are not to exceed an amount equivalent to the individual's fixed salary for two years.

2.6 Preparations and decisions

The company's Remuneration Committee is to prepare decisions related to salaries and other employment terms to executive management. The board of directors is to decide regarding salary to the CEO and principles for remuneration to other executive management.

3 Exceptions

The board of directors may case by case decide on exceptions if there are special reasons. Circumstances known to the board of directors when the Guidelines were decided are normally not reason enough for an exception. Exceptions (if any) shall be commented on at the following Annual General Meeting.

4 Deviations

There are no deviations during the year.

5 Previously decided remunerations not yet due for payment

At the time of the 2019 AGM there are no decided remunerations to executive management not due for payment.
