

Remuneration report 2020

Introduction

This report reflects how the guidelines for remuneration to Senior Executives, adopted at the Annual General Meeting 2020, has been implemented and applied during 2020. The report also provide details on the remuneration to the CEO, how the performance targets for variable remuneration has been applied, the synthetic option program issued by the majority shareholder and information that the company has not executed any share and share-price related incentive programs. This report has been prepared in compliance with the Swedish Companies Act and the Rules on remuneration of the Board and Executive Management and Incentive programs issued by the Swedish Corporate Governance Board (the Remuneration Rules).

Further information on remuneration to Senior Executives is available in note 29 on pages 116–117 of the annual report 2020. Information on the work by the remuneration committee in 2020 is set out in the corporate governance report, which is included on pages 56–68 of the annual report 2020.

Remuneration to the members of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 29 on page 116 of the annual report 2020 and the corporate

governance report on pages 69–71 of the annual report 2020.

The group's overall performance 2020

The CEO summarizes the group's result and overall performance in his statement in the annual report 2020.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for successful implementation of the company's business strategy and safeguarding of its long-term interests and sustainability is that the company is able to recruit, motivate and retain qualified personnel. By enabling the possibility to offer Senior Executives a competitive total compensation, the guidelines contribute to the ability for the company to, on a long-term basis, retain qualified personnel.

The total remuneration to Senior Executives shall be on market terms and consist of base salary (fixed cash remuneration), variable cash remuneration, pension benefits and other benefits. The remuneration, and other employment conditions for Senior Executives, shall be on market terms and competitive on every market where Getinge operates. In addition, the general meeting can decide on share- or share price-related remunerations.

The fixed remuneration (the base salary) should be based on the individual

executive's area of responsibility, authority, competence, experience and performance. The allocation between base salary and variable remuneration shall be proportional to the executive's level of responsibility and authority. The variable remuneration shall always be pre-limited to a maximum amount and connected to pre-determined and measurable criteria's, designed to contribute to the business strategy, long-term added value and sustainability of the company.

The guidelines adopted at the annual general meeting 2020 are available on pages 70–71 of the annual report 2019 and on pages 74–75 in the annual report 2020. The proposed revised guidelines for 2021 are available on pages 76–78 in the annual report 2020.

During 2020 the company has complied with the guidelines adopted at the annual general meeting 2020. No deviations from the guidelines nor any derogations from the procedure for resolution on remuneration, established by the remuneration guidelines, have been made. The auditors statement regarding the company's compliance with the guidelines is available on www.getinge.com/se/om-oss/bolagsstyrning/bolagsstamma under the tab annual general meeting 2021. No paid remuneration have been reclaimed during 2020.

Total remuneration to the CEO during 2020

Remuneration and benefits to CEO in 2020, KSEK

Executive	Fixed remuneration		Variable remuneration			Pension expenses ⁴⁾	Total	Share of fixed and variable remuneration (%) ⁵⁾
	Base salary	Other benefits ¹⁾	Short-term variable remuneration ²⁾	Long-term variable remuneration ³⁾				
Mattias Perjos, CEO	23,250	2,752	18,600	12,810	9,294	66,706	53/47	

1) Additional benefits refer to holiday pay, company car, medical insurance (sw: sjukvårdsförsäkring), etc.

2) Short-term variable remuneration refer to bonus accrued during the financial year 2020 and to be paid during 2021.

3) Long-term variable remuneration refer to vested amount of long-term bonus program for the period 2018–2020, which will be paid during 2021. During 2020, no amount of long-term variable remuneration have been paid.

4) Pension costs for the CEO are based on a defined contribution basis and amounts to 40 percent of the base salary.

5) The portion of fixed vs variable remuneration as percentage of the grand total remuneration amounted to 53/47. (The pension cost for the CEO is based on fixed base salary and is included in its entirety in the fixed remuneration.)

Share based remuneration – outstanding share- or share price related incentive programs

The general meeting has not resolved on implementation of any share or share price related incentive programs.

Synthetic option program issued by the majority shareholder

During 2018, the Board of Directors of Getinge AB was informed that the majority shareholder of the company, Carl Bennet AB, had issued an incentive program consisting of synthetic options intended for the members of the Board of Directors and Senior Executives of Getinge. In total, the members of the Board of Directors and the Senior Executives were acquired 3,153,889 synthetic options for a price corresponding to the estimated market value. At the time for the acquisition, the aggregated market value of the options was calculated to approx. SEK 21.8 M.

The synthetic options are related to Getinge shares of series B and have a duration period of four years. The options may be exercised during the period of March 1, 2022 to May 31, 2022. The redemption price amounts to SEK 101.50 per option, equivalent to 122 percent of the average of the, for each trade day during

the period April 27 – May 4 2018 volume-weighted payment price for Getinge's B-share at Nasdaq Stockholm.

At exercise of the option, the holder receives a cash payment from Carl Bennet AB, that correspond with the number of underlying shares that the option entitles to multiplied by the market value of the share, with deduction of the redemption price. If the market value is less than the redemption price, no payment is received.

Getinge has not participated in the offer which has been provided to the members of the Board of Directors and the Senior Executives solely by Carl Bennet AB.

The CEO acquired 579,710 synthetic options.

Principles for application of the performance targets for variable remuneration

Selection of performance targets and resolution to determine the variable remuneration has been prepared by the remuneration committee and resolved by the Board of Directors. The variable remuneration is pre-limited to a maximum amount and connected to pre-determined and measurable criteria's, designed to contribute to the 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.

After the end of financial year and based on a proposal by the remuneration committee, the Board of Directors has resolved to which extent the criteria's for payment of the short- and long term variable remuneration have been fulfilled. The assessment if the financial targets have been reached has been based on the company's most recent published financial information, with any pre-determined adjustments established by the Board of Directors when implementing the program.

Application of the performance targets for short-term variable remuneration

The short term variable remuneration to the CEO is based on performance targets established by the Board of Directors based on the guidelines for remuneration to Senior Executives and is designed to promote the interests of the shareholders and the company's values, and also to create incentive for a common strive to reach the business strategy, long-term

The performance by the CEO during the reported financial year: short term variable cash remuneration

Criteria for determination of short-term variable remuneration for the CEO and outcome, KSEK

Executive	Performance target	Weighting of performance target	Outcome of performance target	Variable remuneration per performance target
Mattias Perjos, CEO	Adjusted EBITA ¹⁾	50%	SEK 5,785 M	9,300
	Net sales – organic growth	25%	14.3%	4,650
	Tied-up working capital – no. of days	25%	96.8	4,650
				18,600

¹⁾ The adjusted EBITA refer to operating profit adjusted for exchange rate changes, acquisitions, divestments, restructuring costs and other material items affecting comparability.

interests and a sustainable development of the company. The variable short-term remuneration to the CEO is limited to 80 % of the fixed yearly base salary. The targets for 2020 were connected to result, organic growth and restriction of working capital. All three performance targets were fully achieved in 2020 resulting in maximum bonus payout.

Applying the performance targets for the variable long-term remuneration

In addition to base salary and the annual variable remuneration as described above, the CEO can receive 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 of Getinge and sustainable development of the company.

The performance target for all outstanding LTI-bonus programs are earnings per share, adjusted for acquisitions, divestments, restructuring costs and other material non-recurrent costs.

By relating the performance target to

the objective of the shareholders', a joint interest to further promote Getinge's business strategy and long-term interests is created. The vesting period for the LTI-bonus is three financial years and for the CEO, the bonus outcome for each three-year period is capped to an amount equivalent to one year's base salary. At the end of the financial year 2020 the LTI-bonus program 2018–2020 expired and during 2021 KSEK 12,810 will be paid to the CEO for this program, which is equivalent to 66 % of the maximum outcome.

The performance by the CEO during the reported financial year – long-term variable remuneration

Criteria for determination of long-term variable remuneration for the CEO and outcome, KSEK

Executive	Long-term incentive program (LTI)	Performance target ¹⁾	Outcome of performance target	Variable remuneration per performance target ⁵⁾
Mattias Perjos, CEO	LTI 2018–2020	Adjusted earnings per share 2018	4.78 SEK	–
		Net sales – organic growth 2018	5.6%	3,612
		Adjusted earnings per share 2019	5.96 SEK	5,733
	LTI 2018–2020	Adjusted earnings per share 2020	13.19 SEK	3,465
				12,810²⁾
	LTI 2019–2021	Adjusted earnings per share 2019	5.96 SEK	3,000
Adjusted earnings per share 2020		13.19 SEK	3,639	
			6,639³⁾	
LTI 2020–2022	Adjusted earnings per share 2020	13.19 SEK	3,847	
			3,847⁴⁾	

¹⁾ The performance targets in the group's long-term variable remuneration schemes are earnings per share, adjusted for acquisitions, divestments, restructuring costs and other material non-recurrent costs. (For the LTI 2018–2020 organic growth in net sales was one of the performance targets during the first year of the program.)

²⁾ Refers to the total provisions for the incentive scheme LTI-2018–2020. The remuneration is vested and will be paid during 2021.

³⁾ Refers to the total provisions for the incentive scheme LTI-2019–2021. The remuneration is conditioned by continued employment at the end of the three year vesting period.

⁴⁾ Refer to the total provisions for the incentive scheme LTI-2020–2022. The remuneration is conditioned by continued employment at the end of the three year vesting period.

⁵⁾ At the end of the year, the total provision for long-term bonus to the CEO amounted to KSEK 23,296, whereof KSEK 12,810 will be paid during 2021. The expense for the long-term variable remuneration to the CEO for the year amounted to KSEK 10,951. The vesting period for the group's long-term incentive scheme is three years and the remuneration is conditioned by the CEO remaining at his position at the end of the vesting period.

Comparative information regarding the company's result and changes in the remuneration

Five-year overview of changes in remuneration and performance¹⁾

	2016 compared with 2015	2017 compared with 2016	2018 compared with 2017	2019 compared with 2018	2020 compared with 2019	2020 ⁵⁾
Changes in remuneration to the CEO, KSEK ²⁾	32,538 (91.6%)	-43,218 (-63.5%)	8,710 (35.1%)	12,483 (37.2%)	20,663 (44.9%)	66,706
Changes in average remuneration to employees of Getinge AB, KSEK ³⁾	587 (75.8%)	-214 (-15.7%)	61 (5.3%)	440 (36.4%)	-34 (-2.1%)	1,614
Changes in operating profit for the Group, SEK M	N/A ⁴⁾	-13 (-0.9%)	-1,777 (-119.0%)	2,656 (935.2%)	2,412 (101.7%)	4,784

¹⁾ In the above table, changes in the remuneration and result between the years are presented. The changes are presented in both actual amounts and percentage.

²⁾ Remuneration to the CEO relates to the total remuneration to CEO including base salary, short- and long-term incentive program, pension expenses and other benefits. The remuneration to the CEO in 2016 included severance pay.

³⁾ Remuneration to the Senior Executives excluded.

⁴⁾ Not applicable due to the fact that 2015 year's result has not been adjusted for the spin-off of Arjo in December 2017.

⁵⁾ Refers to the outcome for year 2020.

Gothenburg, March 2021

The Board of Directors of Getinge AB