
GUIDELINES FOR EXECUTIVE REMUNERATION

The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2020. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

THE GUIDELINES' PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

For information regarding the company's business strategy, please see <https://www.raysearchlabs.com/>.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

TYPES OF REMUNERATION, ETC.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. All senior executives except the CEO, shall be covered by the profit-sharing foundation RayFoundation as all other employees in RaySearch Laboratories AB (publ), and may thereby also receive variable cash remuneration. Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 100 per cent of the fixed annual cash salary.

Pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums shall be equal to the Swedish ITP plan which corresponds to not more than 10 per cent of the fixed annual cash salary for the CEO and not more than 30 per cent of the fixed annual cash salary for the other senior executives. The retirement age is normally 65 years.

Other benefits may include, for example, life insurance, medical insurance and company cars. Such benefits may amount to not more than 10 per cent of the fixed annual cash salary.

CRITERIA FOR AWARDING VARIABLE CASH REMUNERATION, ETC.

Any variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term

interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

Variable cash remuneration for the CEO shall amount to 2.0 per cent of the Group's earnings before tax after allocations to the profit-sharing foundation RayFoundation. For senior executives working with sales, any variable cash remuneration shall be linked to sales of the company's products. Allocation to RayFoundation is made if the operating profit for the preceding year reached a level in excess of an operating margin of twenty per cent. In such a case, the amount allocated will be ten per cent of the part of the operating profit that exceeds the limit.

As the criteria that determine whether allocation to RayFoundation is to be made, as well as other variable remuneration, are linked to the company's profit or sale, they contribute to the implementation of the company's business strategy and long-term interests, including its sustainability.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Board is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other senior executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

TERMINATION OF EMPLOYMENT

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for 18 months. The period of notice may not exceed six months without any right to severance pay when termination is made by the executive.

SALARY AND EMPLOYMENT CONDITIONS FOR EMPLOYEES

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

THE DECISION-MAKING PROCESS TO DETERMINE, REVIEW AND IMPLEMENT THE GUIDELINES

The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Board shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are personally affected by such matters.

DEVIATIONS

The Board 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.