

## **Report by the Board of Directors on the evaluation of programs for variable remuneration and the application of the annual shareholders' meeting's guidelines for remuneration for CEO and senior executives**

### **1. Background**

- 1.1 The board of directors of BONESUPPORT HOLDING AB (the “**Company**”) has established a Remuneration Committee, which consists of Håkan Björklund (chairman) and Björn Odlander. The Remuneration Committee shall prepare matters regarding remuneration and other terms of employment for the CEO and other senior executives. Since the annual shareholders' meeting held on April 12, 2017, the Remuneration Committee has held two formal meetings and has had regular contacts as necessary.
- 1.2 The Remuneration Committee has monitored and evaluated the Company's programs for variable remuneration, both ongoing and ended during the year, the application of the guidelines for remuneration to the CEO and senior executives adopted by the annual shareholders' meeting on April 12, 2017, as well as the present remuneration structures and levels in the Company.

### **2. Report**

- 2.1 In accordance with Rule 10.3 of the Swedish Corporate Governance Code (Sw. Svensk kod för bolagsstyrning), the board of directors hereby gives the following report on the results of the evaluation performed by the Remuneration Committee. The report covers the period after April 12, 2017, when the annual shareholders' meeting resolved to adopt the current guidelines for remuneration to the CEO and other senior executives.
- 2.2 The Remuneration Committee has found that the remuneration guidelines have enabled the Company to attract, motivate and retain competent employees. Furthermore, the guidelines have contributed to keep the remuneration for the CEO and senior executives competitive and well-balanced. The guidelines have been applied in a correct manner and without any deviations. The Remuneration Committee is of the opinion that the guidelines effectively have fulfilled their objectives and that the current remuneration structures and levels for the CEO and senior executives are reasonable, well-functioning and in accordance with market conditions. In light thereof, the Remuneration Committee has recommended the board of directors to propose that the annual shareholders' meeting of 2018 resolves to adopt substantially unchanged remuneration guidelines.
- 2.3 The Company has several outstanding share-related incentive programs. The Remuneration Committee is of the opinion that these programs have contributed to an increased alignment of interests between the participating employees and the shareholders, and also promoted a long-term commitment to the devel-

opment of the Company. In light thereof, the Remuneration Committee has recommended the board of directors to propose that the annual shareholders' meeting of 2018 resolves to implement a long-term incentive program based on warrants for the Company's CEO and senior executives as well as a long-term incentive program based on a performance-based share saving program for employees who do not participate in any share-related incentive programs in the Company since previously.

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Lund in April 2018

BONESUPPORT HOLDING AB (publ)

The Board of Directors