

The board of directors' proposal for guidelines for remuneration to senior executives

The CEO and the other members of senior management fall within the provisions of these guidelines. 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 AGM 2023. The 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

Sedana Medical is a pioneer medtech and pharmaceutical company focused on bringing inhaled sedation to intensive care. Sedana Medical conducts operations from the head office in Stockholm, Sweden and its offices in Germany, France, Spain, Netherlands, the UK and Ireland. 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 members of senior management competitive remuneration. Long-term share-based incentive programs have been implemented in the company. Such programs have been resolved by the general meeting and are therefore excluded from these guidelines. The programs encompass management team members, the board of directors, founders and other personnel. More information about these programs, including criteria determining outcomes are available on the company's website. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Forms 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. 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 consists of a target-based variable remuneration set in relation to the fixed annual cash salary. The variable cash remuneration may amount to a maximum of 70 percent of the fixed annual cash salary for the CEO and 45 percent for other senior management. For members of senior management employed in Sweden, pension benefits, including health insurance, should be defined-contribution. Variable cash remuneration is not pensionable. The pension premium for defined contribution pensions is based on the individual's age and fixed cash remuneration and shall amount to not more than 30 percent of the fixed annual cash salary. Other benefits may include, for example, life insurance, medical insurance (Sw: Sjukvårdsförsäkring) and company cars. Such benefits may amount to not more than ten percent of the fixed annual cash salary.

The pension commitments for other members of senior management located outside Sweden must follow the market based terms of their respective countries. For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment

The notice period may not exceed twelve months for the CEO and six months for other senior management if notice of termination of employment is given by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed cash salary for 18 months, and twelve months for other senior management. The notice period may not exceed twelve months without any right to severance pay when termination is made by the CEO. The notice period may not exceed six months without any right to severance pay when termination is made by the executive. Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than six months following termination of employment.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may 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. To which extent the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other 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.

Salary and employment conditions for employees

In the preparation of the board of directors' 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 of directors' 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 of director's tasks include deciding on guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting. The board of directors shall also, in its capacity as remuneration committee, monitor and evaluate programs for variable remuneration for the executive management and the application of the guidelines for executive remuneration as well as the current remuneration structures and remuneration levels in the company. The CEO and the other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.