

## Report by the Board of directors of Hansa Medical AB (publ), on the remuneration committee's evaluation of compensation to senior management

Pursuant to the Swedish Corporate Governance Code ("the Code"), the remuneration committee shall, inter alia, evaluate programmes for variable remuneration, both ongoing and those that have ended during the year, for the senior management, evaluate the application of the guidelines for remuneration of the board and senior management that the annual general meeting is legally obliged to establish and evaluate the current remuneration structures and levels in the company.

The remuneration committee, consisting of Ulf Wiinberg, chairman, Birgit Stattin Norinder and Hans Schikan, has discussed the guidelines for remuneration to the senior management as resolved by the annual general meeting 2016 as well as the remuneration structures and levels in the company, including incentive programs.

The remuneration committee has taken into account that the company shall have remuneration levels that are competitive and in line with the going rate in the market, based on position, expertise, experience and performance.

The annual general meeting 2015 resolved on an incentive program based on warrants. 400,000 warrants were issued to the company's subsidiary for subsequent transfer to the senior management as well as other employees of the company. Each warrant was transferred at a price of SEK 8.40 and entitles to subscription of one share in the company at a price equal to the market value of the share at the time of the issuance of the warrants (SEK 36.04) adjusted upwards annually in the amount of seven per cent. Subscription for shares may take place during the period commencing 15 June 2018 up to and including 15 June 2019. This entails that the subscription price after three years will be approximately 122.5 per cent of the current market value of the share and after four years will amount to approximately 131.1 per cent.

The Extraordinary General Meeting 21 November 2016 resolved to adopt a long-term incentive program (LTIP 2016) in the form of a performance based share program for all employees of the Hansa Medical Group, meaning that not more than 30 individuals within the group may participate. A maximum of 305,000 rights may be allotted to participants under LTIP 2016 and 234,750 rights have been totally allocated at 31 December 2016. Participants will, provided that certain conditions are fulfilled, be granted the opportunity to obtain ordinary shares free of charge, i.e. so-called "Performance shares" after the end of the vesting period 28 November 2019. Not more than 305,000 ordinary shares can be transferred to participants under LTIP 2016 and 96,000 common shares can be used to cover any social security contributions due to the LTIP 2016, which means a dilution of 1.21 per cent of the ordinary shares and votes in the company. The cost of LTIP 2016, calculated in accordance IFRS 2, including social security contributions is expected to amount to approximately SEK 17.2 m, of which SEK 0.5 m is included in the results for the parent company and the group for 2016.

A target-based bonus system has expired in 2016.

The remuneration committee is of the opinion that the company has complied with the guidelines for remuneration to the senior management during the year and that the company's remuneration structures and levels are competitive and in line with the going rate in the market.

***NOTE: This is an unofficial translation of the original, which is in Swedish. In case of discrepancies, the Swedish version shall prevail.***

Lund in April 2017  
Hansa Medical AB (publ)  
The Board of Directors