



Remuneration report 2020

Introduction

This report describes how the guidelines for executive remuneration of Infant Bacterial Therapeutics AB, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 4 (Employees and personnel costs) on pages 38-41 in the annual report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on pages 63-65 in the annual report 2020.

Remuneration 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 4 on page 38-41 in the annual report 2020.

Key developments 2020

The CEO summarizes the company's overall performance in his statement on page 10 in the annual report 2020.

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

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 can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed 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.

The guidelines are found on www.ibtherapeutics.com/investors/corporate-governance/. During 2020, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.ibtherapeutics.com/investors/corporate-governance. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive plans.

Table 1 – Total CEO remuneration in 2020 (kSEK)

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		4 Pension expense*	5 Total remuneration	6 Proportion of fixed and variable remuneration
	Base salary	Other benefits	One-year variable				
Staffan Strömberg (CEO)	2,355	159	336		765	3,616	86/14

* Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration

Share-based remuneration

Outstanding share-related and share price-related incentive plans

The company has implemented two share option plans (2017/2022 and 2020/2024) for the executive management and a number of employees.

Options have been granted free of charge, are subject to three-year vesting periods and are exercisable during the fifth year after the grant. Vesting of options is subject to the satisfaction of performance conditions – total shareholder return (relative weighting 50%) and CO2 reduction (relative weighting 50%) during the three-year performance period – and continued employment. The CEO has been granted 3,000 options. In total, 6,000 options have been granted, which corresponds to 2% of the shares in the company on a diluted basis.

The company has further implemented three share award plans (2017/2020, 2019/2022 and 2020/2023) for all employees. Subject to the employee having made an own investment in shares in the company (savings shares), the employee has been awarded the corresponding number of matching share awards and performance share awards. In each plan, the CEO has invested in 1,000 savings shares and thus been awarded 1,000 matching share awards and 1,000 performance share awards. Matching share awards and performance share awards have been awarded free of charge and are subject to three-year vesting periods and continued employment. Vesting of performance shares is also subject to the satisfaction of performance conditions – Group operating income during the first year of the performance period (relative weighting 30%), total shareholder return (relative weighting 40%) and CO2 reduction (relative weighting 30%) during the three-year performance period. In total, 12,000 matching share awards and performance share awards have been awarded, which corresponds to 4% of the shares in the company on a diluted basis.

Table 2 – Share option plans (CEO)

Name of director (position)	The main conditions of share option plans							Information regarding the reported financial year*					
	1 Name of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	6 Exercise period	7 Exercise price (SEK)	8 Opening balance Share options held at beginning of year	9 During the year Share options awarded	10 Share options vested	11 Share options subject to performance condition	12 Closing balance Share options awarded and unvested	13 Share options subject to retention period
Name Nameson (CEO)	2017/2022	2017-2022	2017-06-30	2022-06-01	2022-06-01	2022-04-03	272,41	70 000	0	0	0	0	70 000
	2020/2024	2020-2024	2020-09-30	2023-06-01	2023-06-01	2024-07-01	400	0	50 000	0	0	0	50 000
Total								70 000	50 000	0	0	0	120 000

* In 2020, no changes occurred regarding Share Option Plan 2017/2022, where the CEO holds 70,000 options. In Share Option Plan 2020/2025, the CEO was awarded 50,000 options in 2020

Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last five reported financial years (RFY) (kSEK)

	RR 2020	RR 2019
CEO remuneration	3 616	3 224
Group operating profit	-71 918	-47 200
Average remuneration on a full time equivalent basis of employees* of the parent company	829	581

* Excluding members of the executive management