

Remuneration Policy

1. Introduction

This remuneration policy describes the principles of, and framework for, the total remuneration paid to members of the board of directors (the "Board of Directors") and the Executive Board of Ambu A/S ("Ambu"). The Executive Board means the executive officers registered with the Danish Business Authority as executive officers of Ambu.

However, the overall principles of the remuneration policy regarding the allocation of the short-term incentive ("STI") and the long-term incentive ("LTI") are applicable in general in Ambu, unless otherwise stated in the remuneration policy.

This remuneration policy has been prepared in accordance with sections 139 and 139a of the Danish Companies Act.

1.1 Summary of amendments to the remuneration policy

Since the general meeting's approval of the remuneration policy on 17 December 2019, the following significant amendments have been made to the remuneration policy:

- **Travel compensation:** Ambu has introduced that members of the Board of Directors may be compensated in connection with travel to board and committee related meetings outside their country of residence.
- **Indemnification program:** Ambu has introduced an indemnification program for the members of the Board of Directors and Executive Board which is secondary to coverage under Ambu's D&O liability insurance, cf. sections 4.3 and 5.3 for further details. The indemnification program is considered necessary to provide a reasonable level of liability coverage for members of the Board of Directors and the Executive Board in case adequate D&O liability insurance coverage cannot be obtained. The purpose of the indemnification program is to ensure that Ambu is able to attract and retain qualified members of the Board of Directors and Executive Board.
- **Extraordinary remuneration:** Ambu's option to award extraordinary remuneration, e.g. sign-on bonuses, retention bonuses and severance payments, is amended to the effect that the Board of Directors, in special cases and upon recommendation by the Remuneration Committee, may award extraordinary remuneration to a member of the Executive Board without such extraordinary remuneration constituting a deviation of the remuneration policy, cf. the third paragraph of section 5 for further details. Accordingly, the Board of Directors' option to award extraordinary remuneration under section 11 (*Deviations from the remuneration policy*) is deleted. Extraordinary remuneration to members of the Executive Board is capped at 25 % of such member's annual remuneration and may only be provided if the extraordinary remuneration is deemed to support Ambu's long-term interests and the interests of Ambu's shareholders.

- Clawback: Section 10 (*Clawback*) of the remuneration policy has been amended in alignment with the wording of section 4.1.6 of the Danish Recommendations on Corporate Governance dated 2 December 2020 issued by the Danish Committee on Corporate Governance.

The general meetings' voting and views on the remuneration policy and the remuneration reports have, to the extent applicable, generally been taken into account since the general meeting's approval of the remuneration policy on the annual general meeting on 17 December 2019.

1.2 Objective

The overall objectives of the remuneration policy are to:

- Govern the remuneration of the Board of Directors.
- Attract, motivate and retain qualified members of the Board of Directors and of the Executive Board.
- Ensure the alignment of the Executive Boards' interests with the interests of Ambu and of its shareholders.
- Contribute to promote the value creation in Ambu and thus supporting Ambu's business strategy.

1.3 General principles

The remuneration for the Board of Directors is composed of a fixed remuneration without the addition of variable remuneration components, as further described in section 4.

The remuneration for the Executive Board is composed of the following components:

Remuneration components for the Executive Board

1 Fixed base salary

2 STI

3 LTI

4 Pension contributions and other customary employee benefits. Subject to individual circumstances, relocation- related benefits may also be included (e.g. housing allowance, tax return filing assistance, school fee allowance, and similar).

The fixed remuneration components are based primarily on the desire to ensure Ambu's ability to attract and retain qualified members for the Board of Directors and Executive Board on competitive terms.

The variable remuneration components (STI and LTI) are to ensure that the interests of the Executive Board and those of the shareholders are aligned and that value creation in accordance with Ambu's strategy is promoted to the highest possible extent.

These variable remuneration components may be based on one or several financial or non-financial key performance indicators ("KPIs"), which must be achieved before any variable remuneration can be allocated. The criteria that apply for the KPIs are determined taking into account Ambu's strategy, sustainability, long-term goals and value creation and consist of specific criteria as further outlined in sections 6 and 7.

As part of the determination of the remuneration policy, the Remuneration Committee has compared and assessed that the relationship between the remuneration of the Executive Board and the salaries and terms of employment for other employees is proportionately in line with the responsibility and duties of the Executive Board relative to the other employees.

2. Possibility for all-employee share purchase plan

With the purpose to align the remuneration structure of the Executive Board and the employees of Ambu and to attract, motivate and retain employees in all business areas and on all organizational layers, Ambu may promote a general employee share-based plan on favourable terms if permitted by Ambu's financial position. The Board of Directors therefore has the authority to offer terms covering all employees where shares can be acquired at a rebated price.

3. Decision-making process and conflicts of interest

The review and determination of the remuneration policy is a key part of the Remuneration Committee's tasks, and the remuneration policy is reviewed at a minimum once a year to ensure that the remuneration of the Board of Directors and that of the Executive Board is competitive and aligned to Ambu's short and long-term targets and the shareholders' interests in general.

If the Remuneration Committee deems it necessary to revise the remuneration policy based on a careful review of general market practice for similar European life science companies and other Danish listed companies, as well as the needs to retain, engage and motivate the Board members and Executive Board members, then the Remuneration Committee must prepare a proposal for the Board of Directors according to the Board of Directors' usual decision-making procedure.

If the Board of Directors adopts the Remuneration Committee's proposal to revise the remuneration policy, it is then submitted to the shareholders for consideration and approval at Ambu's general meeting.

Ambu's Executive Board is consulted in connection with the Remuneration Committee's considerations regarding a possible revision of the remuneration policy. However, as the remuneration of the Executive Board is a key element in the remuneration policy, the Executive Board has no decision-making power in this regard.

The Remuneration Committee engages independent advisors when it deems this relevant to support the committee's work.

In the Board of Director's opinion, there is no risk of conflicts of interest in connection with the Board of Directors' work on the remuneration policy, as the remuneration for members of the Board of Directors is approved at Ambu's annual general meeting.

Any amendment of the remuneration policy is to be approved by Ambu's shareholders at the general meeting.

4. Board of Directors

4.1 Fee structure

Members of the Board of Directors receive a fixed annual fee, but do not receive any variable remuneration and are not part of any share-based incentive plans.

Members of certain key committees (e.g. Audit Committee and Remuneration Committee) receive a supplementary fixed annual fee for serving on these committees which is aligned to the additional duties which membership of the committees entails. The basic fees and the supplementary fees for serving on the committees for the coming financial year are presented for approval at Ambu's general meeting.

Members of the Board of Directors who have special ad-hoc duties assigned to them may receive a separate fixed fee that is aligned to the duties they are asked to take on, subject to prior or subsequent approval at the general meeting.

4.2 Costs etc.

All costs incidental to attending board meetings abroad are reimbursed by Ambu. Furthermore, Ambu may grant Board members a fixed travel allowance and compensation in connection with travel to board and committee related meetings outside their country of residence.

If relevant under individual circumstances, Ambu pays social security and similar taxes imposed by foreign authorities in relation to the Board members' fees.

4.3 D&O liability insurance and indemnification

In order to being able to attract and retain qualified members of the Board of Directors, Ambu takes out D&O liability insurance for all members of the Board of Directors based on advice from one or more independent insurance brokers. In the event that required insurance coverage, as proposed by Ambu's insurance broker(s), cannot be obtained, Ambu shall indemnify and hold harmless members of the Board of Directors from and against third-party claims in respect of the gap between the obtained and the required D&O liability insurance coverage, including indemnification for potential tax liabilities prompted by such indemnification against third-party claims. Any such indemnification shall be secondary to coverage under Ambu's D&O liability insurance, as applicable from time to time, and be subject to the same terms and conditions, including general liability exclusions, as are applicable to Ambu's D&O liability insurance. Ambu shall, however, in no event indemnify and hold harmless members of the Board of Directors from and against third-party claims based on such board member's fraud, wilful misconduct, gross negligence (unless covered under Ambu's D&O liability insurance) and/or criminal offence pertaining to such member's discharge of duties as member of the Board of Directors of Ambu. In special cases, Ambu may indemnify and hold harmless members of the Board of Directors from and against third-party claims exceeding the required D&O insurance coverage, as proposed by Ambu's insurance broker(s), but in all other respects in accordance with the principles set out in this section. The Board of Directors is authorized to initiate, terminate and determine the detailed terms of the indemnification program, including coverage, set out in this section and to manage and administer such program.

4.4 Election and resignation

The members of the Board of Directors' are up for election each year at Ambu's annual general meeting.

If a board member wishes to resign from the Board of Directors prior to the annual general meeting, the fixed yearly fee is paid out proportionally. No board member is entitled to any further compensation when resigning from the Board of Directors.

5. Executive Board

The remuneration for the Executive Board is determined by the Board of Directors based on a careful review of market levels for similar European life science companies, similar Danish listed companies, Ambu's financial position, and the competences and results of the individual members of the Executive Board.

As described in section 1, the remuneration package consists of a fixed base salary, and participation in both the short-term incentive plan (STI) and the long-term incentive plan (LTI), as well as benefits covering pension contributions, company car or allowance, and usual non-cash ancillary benefits as listed in the table below.

Furthermore, the Board of Directors may, in special cases and upon recommendation by the Remuneration Committee, award extraordinary remuneration such as a sign-on bonus, retention bonus, severance payment and/or compensation for relocation to a member of the Executive Board if this is deemed to support Ambu's long-term interests and the interests of Ambu's shareholders. Such extraordinary remuneration cannot exceed 25 % of the annual remuneration of the receiving member of the Executive Board.

The relative share of the components depends on whether the KPIs for the variable remuneration for the Executive Board are achieved, fully or in part.

The contents of the table below illustrate the components' relative share of the total remuneration at target level and under normal circumstances:

Remuneration components for the Executive Board	Relative share of total remuneration at target level	
	CEO	Others
1. Fixed Base Salary	37%	49%
2. STI	28%	22%
3. LTI	28%	20%
4. Pension & other benefits	7%	9%

The balance between fixed and variable remuneration components and the composition of the variable components are intended to result in a suitable part of the salary being linked to Ambu's and the individual executive's performance, the long-term interests of the Company and its sustainability, while underpinning sound, long-term business decisions.

5.1 Termination and severance payment for the Executive board

The members of the Executive Board's ordinary service agreements must to all intents and purposes be indefinite and must contain a mutual right of termination.

The notices of termination to be given by Ambu to members of the Executive Board cannot exceed 18 months, and the notice of termination to be given by the members of the Executive Board to Ambu cannot normally exceed nine months. Moreover, any severance payment to members of the Executive Board, for example in the event of a change of control, is subject to a maximum value corresponding to two years' fixed base salary.

An Executive Board member's total value for the notice period, including severance pay, cannot exceed a value corresponding to the total remuneration for the past two years.

5.2 Non-performance-related components

The fixed base salary is subject to review once a year against market data for similar European Life Science companies and other Danish listed companies from which Executive Board member talent can be sourced from or lost to. Based on the

outcome of the review, and given the skills and performance of the individual Executive Board member, the Remuneration Committee determines whether to recommend an adjustment.

Apart from the base salary, members of the Executive Board receive between 10 and 12 % of their annual base salary in pension contributions. Supplementary pension plans or early retirement plans are not part of the Executive Board's remuneration package.

Furthermore, members of the Executive Board receive market- aligned non-cash benefits, e.g. a company car or allowance and life-insurance.

Supplementary to the fixed base salary, Ambu may compensate Executive Board members from any increase of income taxation on investment return and/or other taxes prompted by an Executive Board member's relocation to Denmark.

5.3 D&O liability insurance and indemnification

In order to being able to attract and retain qualified members of the Executive Board, Ambu takes out D&O liability insurance for all members of the Executive Board based on advice from one or more independent insurance brokers. In the event that required insurance coverage, as proposed by Ambu's insurance broker(s), cannot be obtained, Ambu shall indemnify and hold harmless members of the Executive from and against third-party claims in respect of the gap between the obtained and the required D&O liability insurance coverage, including indemnification for potential tax liabilities prompted by such indemnification against third-party claims. Any such indemnification shall be secondary to coverage under Ambu's D&O liability insurance, as applicable from time to time, and be subject to the same terms and conditions, including general liability exclusions, as are applicable to Ambu's D&O liability insurance. Ambu shall, however, in no event indemnify and hold harmless members of the Executive Board from and against third-party claims based on such board member's fraud, wilful misconduct, gross negligence (unless covered under Ambu's D&O liability insurance) and/or criminal offence pertaining to such member's discharge of duties as member of the Executive Board of Ambu. In special cases, Ambu may indemnify and hold harmless members of the Executive Board from and against third-party claims exceeding the required D&O insurance coverage, as proposed by Ambu's insurance broker(s), but in all other respects in accordance with the principles set out in this section. The Board of Directors is authorized to initiate, terminate and determine the detailed terms of the indemnification program, including coverage, set out in this section and to manage and administer such program.

6. Short-term incentive

The purpose of the short-term cash-based incentive plan is to provide the Executive Board with an annual variable remuneration that is dependent on performance against specific annual objectives, which in majority part reflects Ambu's financial outlook for the coming financial year.

STI is allocated on an annual basis, but the allocation is conditional on the achievement of three to five predetermined financial or non-financial KPIs linked to Ambu's immediate strategic priorities, e.g. revenue growth and/or the realisation of a predetermined performance criterion related to personal performance. The KPIs which form the basis of the variable remuneration for the Executive Board are all linked to Ambu's business strategy. KPI levels and assessment are further described in the relevant table in section 8.

The size of the STI depends on the degree of achievement of these KPIs. For each individual member of the Executive Board the annual STI payout can reach between 20-75% of the fixed base salary if target performance is met, and up to 100% of the fixed base salary upon achievement of maximum level performance.

7. Long-term incentive

The purpose of the long-term share-based incentive plan (LTI) is to align the interests of the Executive Board with those of the shareholders, and to reward the Executive Board for dedicated and focused achievements of long-term objectives, such as delivering on the long-term business strategy, and creating sustainable value for the shareholders.

The LTI supports the alignment with shareholder interests by linking directly to the share price performance of Ambu. The new Long-term incentive plan ("LTIP") that will be launched for the financial year 2019/20 is based on performance share units ("PSUs"). The grant value of the PSUs received by members of the Executive Board is calculated according to the Black-Scholes formula at the time of allocation. The PSU's are under normal circumstances granted on an annual basis and free of charge. The value at grant will On-target level correspond to between 50-100 % of the annual base salary.

The LTI further supports the strategic agenda of Ambu by being dependant of up to two KPIs that link directly to key strategic priorities assessed to be suitable by the Board of Directors, with at least one being a financial target (e.g. revenue growth). It is a condition for the final vesting of any PSUs that a certain predetermined performance on the KPI(s) is achieved. The Board of Directors can decide to include another metric in addition to a financial target if this is assessed to be the most suitable to achieve the long-term priorities of Ambu.

The PSUs will vest after a 3-year vesting period, conditional upon the continued employment of the individual Executive Board member and a minimum threshold performance for the KPI(s) being achieved. Good leavers will be allowed to keep any unvested PSUs, while for bad leavers these will automatically lapse.

The number of PSUs allocated may be adjusted in the event of certain capital transactions etc. and of large dividend payments. Also, the PSUs may vest early, for instance in the event of a change of ownership.

Ambu can decide to contractually settle the PSUs by transfer of physical Ambu shares or by the cash equivalent based on the performance of a synthetic Ambu share.

8. KPI levels and assessment of performance

For the purpose of calculating the result for each KPI used for the STI and LTI plans three levels have been defined:

KPI level	Impact on variable remuneration
Threshold	Below this level, there is no earning or vesting of variable remuneration.
On-target	On-target reflects the expected and satisfactory result and triggers variable remuneration.
Maximum	Maximum reflects an ambitious but possible level which triggers the maximum variable remuneration

Vesting of PSUs as well as pay-out of cash bonus takes place proportionally based on the achievement of the KPI(s).

The earning or vesting of STI or LTI is thus reduced or lapses entirely if the KPI(s) is only partially achieved or below threshold respectively. If maximum performance is achieved, up to 2 times the on-target level is earned (or for the LTI vests) for the CEO and for the remainder of the Executive Board. Additionally, the pay-out(i.e. the PSUs' value as at vesting) for a single grant of PSUs within the same financial year is capped at an absolute value equivalent to no more than 4 times the annual base salary at the time of grant.

The financial KPIs for the variable remuneration for the Executive Board are identical with Ambu's financial key figures, and the KPIs are therefore measured continuously and meticulously as part of Ambu's reporting to the market, and particularly in connection with the presentation of the annual report. The measurability in respect of the Executive Board's achievement of the KPIs is thus transparent and verified by Ambu's auditor as part of the auditing of the annual report.

In connection with acquisitions during a financial year, the Board of Directors will on a case-by-case basis specifically evaluate how such acquisition can be incorporated in the best possible way into existing agreements on variable remuneration, including the possible correction of the KPI(s). The acquired enterprise will normally be incorporated in the KPI(s) in the year following the acquisition.

9. Transition from Big Five LTIP

The performance and vesting period of the Big Five stock option schemes ("Big Five") will continue until end of financial year 2019/20 with no further new grants being made.

The members of the Executive Board who participate in the Big Five will not be eligible to receive a PSU grant until the stock options under the Big Five plan have vested.

10. Clawback

In special cases, clawback of the variable remuneration for the Executive Board may be carried out, in whole or in part, including in the event of the variable remuneration having been granted, earned or paid out based on information which subsequently turns out to be incorrect or misstated, or if the recipient acted in bad faith in respect of matters implying that undue variable remuneration have been granted, earned or paid out.

11. Deviations from the remuneration policy

The Board of Directors of Ambu may, under exceptional circumstances and based on valid criteria, that are objective and verifiable, agree to temporarily derogate from this remuneration policy, where it is deemed that a derogation will benefit the long-term interests of Ambu, its shareholders or the sustainability of Ambu.

Further, to ensure that the Board of Directors has the appropriate flexibility to make sure that the application of the LTIP is in the long-term interests of Ambu its shareholders and of the sustainability of Ambu in cases of unforeseen circumstances, the Board of Directors has a contractual discretionary right under the terms of the LTIP to amend its terms. Additionally, the Board of Directors may deviate and/or amend the terms of the LTIP to the effect that such deviation and/or amendment are necessary for

a new member of the Executive Board to participate in the LTIP on equal terms and conditions as the other members of the Executive Board.

This discretion includes, but is not limited to, (1) the size of the grants (2) the timing of the granting of the PSU's, (3) the determination of vesting conditions, including adjustment of performance metrics may they be financial or non-financial, (4) preliminary vesting of the PSU's (5) the treatment of the PSU's in the case of resignations, change of control, a merger, rights issue or other such unforeseeable events.

Any such deviations will be further explained in the Remuneration Report for the relevant year.

12. Approval and publication

The remuneration policy is available on the Ambu website www.ambu.com for as long as it is applicable.

The remuneration policy was discussed and approved at Ambu's annual general meeting on 14 December 2021.

Chairman of the meeting