

LOIHDE PLC – REMUNERATION POLICY

1. INTRODUCTION

The remuneration policy of Loihde Plc (“Loihde”) presents the principles and decision-making processes for the remuneration of the Board of Directors and the CEO, as well as the possible deputy of the CEO.

It is the objective of the remuneration policy to promote Loihde’s business strategy, long-term growth and profitability and sustainable growth of shareholder value. Remuneration at Loihde is based on the following principles:

Remuneration

- encourages the recipients to achieve Loihde’s strategic goals,
- is competitive and promotes the recruitment, commitment and motivation of employees,
- reinforces a corporate culture that supports the targets and
- is fair and responsible.

The remuneration policy is formulated in accordance with the Finnish Corporate Governance Code 2020 for listed companies, which entered into force on 1 January 2020. This remuneration policy is valid until Loihde’s Annual General Meeting in 2026, unless the Board of Directors presents a new remuneration policy to the General Meeting before that. This remuneration policy for governing bodies was dealt with at Loihde’s Annual General Meeting on 5 May 2022 and it is available [on the company’s website](#) for as long as it is valid.

2. DESCRIPTION OF THE DECISION-MAKING PROCESS

The Personnel Committee of Loihde’s Board of Directors prepares the remuneration policy for the Board of Directors, who then presents it to the Annual General Meeting every four years or when significant changes have been made.

The General Meeting makes an advisory decision on whether it supports the proposed remuneration policy or not. Shareholders cannot propose adjustments to the remuneration policy during the General Meeting. The Board of Directors assesses the need for changes to the remuneration policy based on the stance taken by the General Meeting. If the General Meeting does not support the remuneration policy proposed by the Board of Directors, a revised remuneration policy will be presented at the following Annual General Meeting at the latest.

The Personnel Committee of the Board of Directors follows and supervises the functionality of the remuneration policy, the competitiveness of the remuneration and how well the remuneration policy promotes the long-term targets of the company and the Group.

The Shareholders’ Nomination Board is the governing body of the company’s shareholders or their representatives, the duty of which it is to annually prepare the proposals regarding the election and remuneration of the members of the Board of Directors for the Annual General Meeting, and for the Extraordinary General Meeting when required. It is the main duty of

the Nomination Board to ensure that the Board of Directors and its members have sufficient expertise, know-how and experience that correspond to the company's needs and to prepare well-founded proposals on the matter to the General Meeting.

The General Meeting annually decides on the remuneration of the Board of Directors based on the proposal made by the Shareholders' Nomination Board. The Board of Directors decides on the remuneration of the CEO and the potential deputy of the CEO and on central terms of the service relationship. The decisions are made in accordance with the remuneration policy that has been presented to the General Meeting and is valid.

The General Meeting or the Board of Directors by authorisation of the General Meeting, decides on the issuance of shares or other special rights that entitle their holder to shares as part of the incentive scheme or other remuneration of the company's management or personnel. If the need arises, the company's Board of Directors may propose that the General Meeting gives the Board authorisation for share-based incentive schemes. The authorisation proposal may be given for issuing existing shares as well as new shares.

In order to prevent conflicts of interest, the company's CEO and the possible deputy of the CEO do not participate in the deliberations or the decision-making concerning their remuneration.

A remuneration report on the realisation of remuneration is presented to the General Meeting annually.

3. DESCRIPTION OF THE REMUNERATION OF THE BOARD OF DIRECTORS

The Annual General Meeting decides on the remuneration of the Board of Directors and its committees based on the proposal made by the Shareholders' Nomination Board.

The fixed annual fee of the members of the Board of Directors varies depending on their position in the Board and in committees. In addition, a meeting fee is paid for every meeting held by the Board of Directors and committees. Travel expenses are reimbursed in accordance with the decision of the General Meeting. The annual fees of the Board of Directors can be paid in cash, in shares or as a combination of these.

The General Meeting decides on the issuance of shares or other special rights that entitle their holder to shares as part of the remuneration of the Board of Directors. The Annual General Meeting held on 25 June 2020 resolved to adopt a share-based incentive scheme for the Board of Directors. Under the incentive scheme, the members of the Board of Directors can subscribe for company shares at an amount corresponding to half of their annual fee at a maximum. The General Meeting annually decides on starting a new vesting period related to the incentive scheme, and the General Meeting may also decide that the participants in the scheme after a certain vesting period as a bonus will be paid commitment shares based on their shareholding.

4 DESCRIPTION OF THE REMUNERATION OF THE CEO

The Board of Directors decides on the remuneration of Loihde's CEO and on the terms of the CEO's contract within the limits of the remuneration policy that has been presented to the General Meeting and is valid.

The total remuneration of the CEO shall in principle be in the best interest of the company and its shareholders. The total remuneration shall be competitive compared to other companies so that skilled professionals can be persuaded to join the company or stay in its service.

a. The components of remuneration and their relative proportions

The remuneration of the CEO consists of a fixed monthly salary with fringe benefits as well as potential employee benefits, potential life insurance and potential performance-based short-term and long-term incentive schemes. Bonuses paid based on the long-term incentive scheme may in addition to cash also be paid entirely or partly in shares or other share-based rights or other securities. The remuneration of the CEO may also include severance pay.

The relative proportions of the fixed and variable remuneration of the CEO may vary according to the business situation and the targets set by the Board of Directors and the reaching of said targets.

b. The basis for determination of the potential variable remuneration

1) Short-term incentive

The CEO can be paid an annually determined performance bonus that is based on the company reaching its financial and other targets. The Board of Directors decides on the implementation, content and targets of the short-term remuneration model.

2) Long-term incentive

The long-term performance bonus is a bonus paid for reaching the targets set for a vesting period of between two and five years and is based on the company reaching long-term financial or other targets.

The aim of the bonus is to encourage the CEO to increase the company's shareholder value in the long term and commit the CEO to the company. The long-term incentive scheme may be either cash-based or share-based. The Board of Directors decides on the implementation, content and targets of the long-term remuneration model.

c. Other key terms applied to the service relationship

The company's Board of Directors decides on the other terms of the service relationship. The potential fixed-term nature of the CEO's service relationship, the term of notice for non-fixed term contracts and the amount of severance pay has been agreed on in writing in the CEO contract, and conventional terms of CEO contracts apply to the principles and amounts of these.

d. Terms related to the postponement and potential claim for recovery of remuneration

If the remuneration of the CEO includes a share-based incentive scheme, the vesting and commitment periods related to the share-based remuneration, potential restrictions on transfer and other terms related to the shares or share bonus are described in the terms of the scheme.

5 CONDITIONS CONCERNING TEMPORARY DEVIATION

The company may temporarily deviate from the remuneration policy if the deviation is necessary to ensure the company's long-term benefit and the valid remuneration policy would not be appropriate in the changed circumstances. The company can deviate from the valid remuneration policy in exceptional circumstances, where the central operational preconditions of the company have changed after the General Meeting's resolution on the remuneration policy. These situations include, among others, a change of the Board of Directors or the CEO, corporate transactions such as a fusion, takeover bid or acquisition, and changes in taxation, legal praxis or other regulations. The deviation can apply to all components of the remuneration. The company's Board of Directors assesses the need to deviate from the remuneration policy and decides on the deviation.

If the deviation from the remuneration policy is estimated to continue other than temporarily, the company must prepare a new remuneration policy for the next possible Annual General Meeting to decide on. The temporary deviation must be accounted for in the remuneration report.

6 AVAILABILITY OF THE REMUNERATION POLICY

Loihde's valid remuneration policy is available to the public on the company's website.

If the General Meeting has voted on the remuneration policy, information on the date and result of the vote are presented together with the policy on the website.