



FONDIA PLC'S REMUNERATION POLICY FOR GOVERNING BODIES

1. Introduction

General

This Fondia Plc ("**Fondia**" or the "**Company**") Remuneration Policy for Governing Bodies ("**Remuneration Policy**") sets out the basic principles for the remuneration of the Company's governing bodies, namely the Board of Directors ("**Board**") and the Chief Executive Officer ("**CEO**"). The remuneration of the CEO's deputy, if any, is governed by the principles applicable to the CEO. This Remuneration Policy has been prepared in accordance with the Finnish Corporate Governance Code 2020 ("Corporate Governance Code").

The Remuneration Policy is subject to an advisory resolution at the Annual General Meeting of Fondia in 2024 and will remain in force until the Annual General Meeting in 2028, unless material changes are proposed, or the Board of Directors otherwise decides that the revised Remuneration Policy is subject to an advisory resolution at an earlier Annual General Meeting. The remuneration policy applies to remuneration to be decided at or after the Annual General Meeting 2024.

The main changes to the 2024 remuneration policy compared to the 2020 remuneration policy are as follows:

- Amendment to the remuneration principles by adding sustainability,
- Supplements to the description of Board remuneration to improve transparency,
- Updates and supplements to the description of the CEO's remuneration to improve transparency,
- Amendments to the wording and other clarifications to improve the readability of the remuneration policy and to align its wording with the company's other remuneration documentation.

The Remuneration Policy is available on Fondia's website for at least the period that it is applied, and in the same connection, information is also presented on the date of the General Meeting that handled the matter as well as on the voting result if a vote was held on the Remuneration Policy.

Principles of remuneration

The company applies the following principles in its remuneration:

- Competitiveness
- Fairness
- Equity, taking into account the level and complexity of the tasks

- Incentivising, which guides the Company's governing bodies towards the achievement of strategic business objectives; and
- Sustainability

Through these principles, Fondia seeks to support the alignment of the interests of shareholders, the Company, and its personnel. Through remuneration, Fondia also seeks to support the long-term financial success of the Company and the commitment of Fondia's employees to the Company.

The remuneration of Board members is organised separately from the remuneration schemes and share-based schemes applicable to the CEO, the Group Management Team or the personnel of the Company. Given the nature of Fondia's business, the fair and incentive-based remuneration of personnel is subject to continuous development and evaluation. The Board and the Management regularly assess the needs for the development of Fondia's overall remuneration and, in the context of these assessments, external experts may be engaged to assess, inter alia, the level of requirements of the different job functions and their impact on remuneration.

The remuneration of the CEO is mainly based on the principles applicable to other personnel, taking into account the demanding nature and responsibility of the CEO's duties, which affect fixed and variable remuneration and various fringe benefits.

2. Description of the decision-making process

The Board of Fondia, or any committee thereof, prepares the Remuneration Policy to be presented to the General Meeting and reviews it annually. Potential conflicts of interest are always taken into consideration on a case-by-case basis when approving, assessing and implementing the Remuneration Policy.

The Remuneration Policy is presented to the Annual General Meeting at least every four years and whenever substantial changes are made to it. The remuneration of the Fondia's governing bodies adheres to the Remuneration Policy presented to the General Meeting.

The General Meeting elects the members of the Board and decides on the remuneration to be paid according to this Remuneration Policy. In addition, the General Meeting, or the Board, authorized by the General Meeting, decides on the issue of shares, options or other special rights entitling to shares that may be issued as part of the remuneration.

The Board or any committee thereof prepare, and the Board decides on the salary and other remuneration of the CEO and possible deputy CEO as well as the key terms applicable to their service contracts in accordance with this Remuneration Policy.

3. Description of the remuneration of the Board of Directors

According to the Articles of Association, the remuneration of the members of the Board of Fondia is decided by the shareholders at the General Meeting. The remuneration of the Board may consist of monthly or annual fees and in addition, reasonable travel expenses may also be reimbursed. It may also be decided to pay separate meeting fees to the Board. The Chairperson and any Vice Chairperson of the Board may be paid a higher remuneration which is considered reasonable in view of the increased workload associated with such a role.

Fees can be paid either in cash or in shares, or both. The members of the Board may be required to use all or part of the cash remuneration to acquire shares in the company. If the Board members' remuneration is paid in whole or in part in shares, the general meeting may decide on any restrictions or recommendations on the transfer of shares. The general meeting may also decide on other criteria for determining the remuneration.

4. Description of the remuneration of the CEO

Fondia's Board decides on the remuneration of the CEO and other terms of the CEO's service contract within the framework of the Remuneration Policy. The overall level of remuneration is compared annually with the general market level. Fondia's Board also decides on the principles of the remuneration for the CEO, which can also be applied to the remuneration of other management. The CEO's compensation consists of monetary salary, fringe benefits and variable compensation components, which include an annual performance bonus and any long-term incentive plan. The Board may also decide on any other remuneration or other financial benefits to be paid separately and on a case-by-case basis to the CEO. The Board decides on the proportion of the remuneration components that best support the strategic and financial objectives of the Company. The remuneration principles described herein also apply to any to the deputy CEO, if any.

a. Fixed remuneration

The CEO's fixed remuneration components consist of a monthly salary and fringe benefits. The Board reviews the CEO's salary annually and assesses whether it adequately reflects the CEO's personal performance, the market level and the Company's annual performance together with the variable remuneration components.

As part of the fixed remuneration, the CEO may be entitled to health insurance or life insurance, as well as fringe benefits in accordance with the Company's current personnel policies (such as benefits for lunch, sports, culture, telephone, and car).

b. Variable remuneration

The principles concerning variable remuneration aim to guide and motivate the CEO and may also aim to engage the CEO with the Company, thereby strengthening the continuity of operations and supporting the long-term financial success of the Company. In addition, variable remuneration is designed to support the implementation of the Company's strategy as effectively as possible, in both short and long term.

The CEO is part of the Fondia Group's general annual performance bonus scheme. The annual performance bonus may be based on criteria related to the Company's net sales and performance, the achievement of predefined strategic objectives and other similar criteria, which are always determined annually by the Board. As a general rule, the maximum amount of the annual performance bonus is the amount of the CEO's four months' fixed monthly salary.

In addition to the annual performance bonus schemes, the Board may decide on separate longer-term incentive schemes for the CEO and/or the CEO may participate, as decided by the Board, in any share-based compensation scheme for the management and employees of the Fondia Group decided by the Board. In addition, the CEO may participate in any share savings

plan for the employees of the Fondia Group in accordance with the terms and conditions in force from time to time. The long-term incentive schemes are designed to guide the CEO towards the implementation of the Company's strategy and the long-term growth of shareholder value, and to commit the CEO to the Company.

Performance bonuses may be paid after the end of each performance period in the form of shares, options or other rights entitling to shares, or in the form of cash bonuses. Long-term incentive plans and/or variable rewards in the form of shares are generally subject to a predefined commitment period and/or equity investment requirement, as well as any other restrictions or recommendations. The purpose of these restrictions and obligations is to ensure that the terms of long-term incentive plans, including the length of the associated commitment periods, support the long-term value creation of the Company.

When assessing the criteria for variable remuneration, the goal is to find clear measurable objectives before distributing the remuneration. The achievement of these objectives is monitored during the performance period and, when deciding on the remuneration, the objectives set at the beginning of the performance period are compared with the actual figures or, in the case of qualitative or non-quantifiable criteria, the Board seeks to assess the achievement objectively.

In addition, the Board can also decide on separate one-off remuneration payments in exceptional circumstances (such as stay-on or sign-in bonuses).

c. Other key terms applicable to the service contract

The key terms applicable to the CEO's service are defined in the CEO service contract. The contract specifies the notice period and possible severance package in situations where the Company terminates the CEO's service contract. The CEO's service contract can also include provisions concerning supplementary pension arrangements.

d. Terms for deferral and possible clawback of remuneration

The Company's Board can decide on the deferral, withholding or clawback of variable remuneration components only under very exceptional circumstances, for example, if the Company's financial statements information is found to contain errors, or in the event of possible malpractice. In addition, in such exceptional circumstances, the Company's Board may withhold fully or partly variable remuneration components or may claw back fully or partly the remuneration components that have already been paid if it is found that the payment of the remuneration components would jeopardise the Company's business continuity and its long-term financial success.

5. Requirements for temporary deviation

The remuneration of the governing bodies shall be carried out in accordance with the Remuneration Policy, but in certain exceptional circumstances, temporary deviation from the Remuneration Policy is possible if the purpose is to ensure the Company's long-term interests. The assessment of the Company's long-term interests takes into account the Company's long-term financial success, competitiveness and shareholder value development.

Such exceptional circumstances, where Fondia's key operating preconditions have changed after the General Meeting discussed the Remuneration Policy, include the following: change

of CEO, corporate arrangements such as mergers and acquisitions, and other significant changes to the Company's business. Changes in regulations, such as taxation, can also be deemed such exceptional circumstances if remuneration under the Remuneration Policy would no longer be compliant with new regulations, sensible, or in line with the Company's long-term interests.