

## **REMUNERATION POLICY OF NANOFORM FINLAND PLC**

Accepted by the Board on 17 March 2022  
Approved by the Annual General Meeting on 12 April 2022

## REMUNERATION POLICY OF NANOFORM FINLAND PLC

### 1 INTRODUCTION

This Remuneration Policy (the “**Policy**”) presents the remuneration framework for the members of the Board of Directors of the Company (the “**Board**” and each member of the Board, a “**Director**”) and the CEO (the “**CEO**”) of Nanoform Finland Plc (the “**Company**”). This Policy shall also be applied to any Deputy CEO, should such be appointed. The principles and decision-making processes for the remuneration of the Board and CEO and for the key terms of the service contract are set forth in this Policy.

The Company’s general remuneration principles apply to the entire personnel. The key principles of the Company’s remuneration are transparency, market-orientation, and remuneration based on good performance of both the individual employees and the Company.

The Policy describes the remuneration for the Board and the CEO. The goal of the Company’s executive remuneration is to commit executives to develop the Company and its financial success in the long term. The objective of this Policy is to encourage and reward the management for work that is in line with the Company’s strategy at a given time and for compliance with the set rules, as well as to motivate them to strive for the success of the Company.

The Company’s remuneration supports achieving strategic targets, profitability, and increased shareholder value. When setting the remuneration for executives, the Company follows the same general principles as for other employees in the Company. Remuneration across the Company is reviewed regularly to secure its competitiveness in the market.

Well-functioning and competitive remuneration is an essential tool for engaging competent directors and executives for the Company. This, in turn, contributes to the financial success of the Company, and the implementation of good corporate governance. In addition to supporting the Company’s long-term profitability and results, remuneration supports the implementation of objectives set by the Company.

Remuneration of the Company’s personnel is based on a total remuneration, which may among other things include both variable and fixed components of remuneration as well as personnel benefits. Remuneration of the personnel in accordance with the remuneration principles may consist of the following components:

- Base salary and employee benefits in compliance with local market practices, laws, and regulations.
- The annual incentive plan is intended to guide the performance of an individual and the organisation as well as to support rapid implementation of strategic projects. The performance of the Company is emphasised in the annual incentive plan.
- The long-term incentive plan is intended to commit key persons to the Company and at harmonising their interests with those of shareholders and are only based on the financial performance of the Company.

Although the Board is not covered by the same overall remuneration as the personnel, the purpose of the remuneration of the Board is to steer activities towards the same long-term objectives of the Company. The remuneration of the personnel, the CEO, and the Board are regularly evaluated in relation to general market practices for persons acting in equivalent positions.

### 2 DECISION-MAKING PROCESS

The Company’s remuneration principles and policies are addressed by the Board.

The Policy and any possible substantial changes to it are prepared by the Audit and Compensation Committee of the Board or by another equivalent governing body to which the preparation of remuneration matters is delegated.

The Board reviews and presents the Policy and any substantial changes to it to the General Meeting whenever necessary, but at least every four years. The General Meeting makes an advisory resolution on the Policy, expressing whether it supports the presented Policy. The shareholders cannot propose changes to the Policy. If a majority of the General Meeting opposes the presented Policy, a revised Policy must be presented no later than at the next Annual General Meeting. In such a case, the decision on remuneration of the Board and the CEO shall be based on the initial Policy presented to the General Meeting until the revised Policy has been considered at the General Meeting.

The proposal for the remuneration of the Board, the CEO, and other incentive plans of the Company shall be prepared by the Audit and Compensation Committee of the Company.

The Board shall monitor and supervise the functionality of the Policy, the competitiveness of remuneration, and how the Policy promotes the Company's and Nanoform group's long-term objectives.

The Audit and Compensation Committee of the Board annually monitors the implementation of the Policy and, where necessary, suggests measures to the Board for ensuring its implementation. To enable shareholders to evaluate the implementation of the Policy at the Company, the Board annually presents to the Annual General Meeting a remuneration report prepared by the Audit and Compensation Committee. The General Meeting decides on the approval of the remuneration report. The decision is advisory.

When amending the Policy, the Board shall state any material changes to it. Additionally, the Board shall state how the General Meeting's resolution on the previous Policy and the statements presented at the General Meetings when discussing the remuneration reports disclosed since the adoption of the previous Policy are taken into account in the new Policy.

The Board approves and proposes the Company's Policy to the General Meeting.

On basis of a proposal prepared by the Audit and Compensation Committee and the Board, the General Meeting annually decides on the remuneration of the Directors. The decision on the remuneration of Directors is based on the Policy presented to the General Meeting. Ultimately, the General Meeting decides on the remuneration of the Board within the framework of the Policy.

The Board decides on the remuneration of the CEO in accordance with the Policy. Where necessary, the Audit and Compensation Committee prepares matters relating to remuneration with the assistance of independent external experts. Decisions concerning distribution of shares, options, or other special rights entitling to shares shall be made in the General Meeting or by the Board under an authorisation from the General Meeting. When shares, options, or other special rights entitling to shares are issued to Directors or to the CEO as part of their remuneration, this must take place within the limits of the Policy presented to the General Meeting.

The remuneration of the executives and the Board is differentiated, and the remuneration of the members of the Board cannot be based on the same incentive programs with other executives or personnel.

The CEO and the CFO of the Company are responsible for implementing the incentive plans based on the Policy and the decisions of the Board, and for evaluating the costs arising from the incentive plans.

### **3 REMUNERATION OF BOARD**

Decisions concerning the remuneration of the Board are made by the General Meeting for a single term of office at a time based on a proposal of the Board. The proposal for the remuneration of the Board shall be prepared by the Audit and Compensation Committee of the Company.

Decision on the remuneration of the Board shall be based on the valid Policy presented to the General Meeting.

The remuneration of the Board can consist of one or more components. The Directors can, for instance, be paid an annual or a monthly fee as well as a meeting fee for board meetings or committee and governing body meetings. The compensation paid to the Chair of the Board or its committees may be higher than the

fees paid to other members of the Board. The fees paid to the Directors can be paid in cash and/or partially or entirely in shares or other financial instruments. In its decision, the General Meeting may require that the remuneration to be paid in cash must be used entirely or partially in order to acquire shares in the Company. The General Meeting can also decide on the grounds for determining other kinds of remuneration.

The members of the Board may be compensated for travelling expenses and/or other costs directly incurred by the board work as decided by the General Meeting.

The members of the Board are not eligible for short-term incentive plans paid in cash based on their position as a member of the Board.

Decisions concerning the distribution of the Company's shares, stock options, or other special rights entitling to shares shall be made in the General Meeting or by the Board pursuant to an authorisation from the General Meeting. When shares, stock options, or other special rights entitling to shares are issued to the members of the governing bodies as part of their remuneration, this must take place within the limits of the Policy.

Remuneration paid in shares or other financial instruments may be subject to restrictions or recommendations related to lock-up periods concerning time or membership of the Board.

If an employee of the Company is a member of the Board, the board fee will be determined on the same basis as that of other members of the Board, and the salary paid and other benefits on the basis of the employment relationship will be determined on the basis of the terms applicable to the employment relationship at the given time.

Board members are recommended to hold shares in the Company corresponding to a total of three years cash remuneration for the board work. It is recommended that the shares are accumulated during no less than three years from the beginning of the first term on the Board.

#### **4 REMUNERATION OF CEO**

The Remuneration of the CEO and the terms applicable to the service contract of the CEO are prepared by the Audit and Compensation Committee and decided by the Board, within the limits of this Policy presented to the General Meeting. The CEO is not a member of those bodies and not involved in the decision-making process regarding his or her remuneration.

##### **4.1 Remuneration Components and Proportional Shares of Overall Remuneration**

When deciding on the remuneration of the CEO, the starting point for the review is total compensation. The total compensation of the CEO may consist of fixed and variable remuneration, the proportions of which are assessed based on the respective business situation.

The remuneration of the CEO consists of a monthly salary, employee benefits, and performance-based incentive systems. The remuneration of the CEO may include supplementary pension arrangement and severance payment. The CEO's fixed total salary may include monetary salary and possible taxable fringe benefits. Holidays, holiday pay, sick leave, and other similar terms and conditions may be reviewed in accordance with the Company's standard policy. In addition, insurance coverage, and pension schemes may be agreed.

The incentive systems consist of an annual incentive plan and a long-term incentive plan.

The CEO's base salary shall be aligned with the interest of the Company and its shareholders. The base salary shall be competitive in the labour market comparison to induce and engage talented professionals to the Company's service.

The objective is that variable fees may comprise up to 100% of the fixed salary in the remuneration of the CEO.

## 4.2 Grounds for Determining Variable Remuneration

The target levels and maximum levels of the variable remuneration's measures are based on the long-term strategic objectives defined by the Board. The measures are regularly followed.

### *Annual Incentive Plan*

The CEO may be paid an annually determined performance bonus. The CEO's performance objectives are set by the Board. The performance time for the CEO's annual incentive plan is not less than one year.

If the criteria predefined annually by the Board are met, the CEO may be entitled to a performance bonus, which may account for 100% of the annual base salary (gross) at most.

The criteria defined by the Board may take into account matters such as the Company's turnover, operating profit, stability of customers, efficiency of operations, employee satisfaction, the progress of product development, and strategic initiatives. The Board evaluates the fulfilment of the criteria.

### *Long-Term Incentive Plan*

Long-term incentive plans may consist of both performance-based and commitment enhancing share-based remuneration plans. The aim of the incentive plans is to combine the objectives of the shareholders and the CEO in order to increase the value of the Company. The aim of the long-term incentive plan is also to commit the CEO to the Company by offering him or her a competitive share-based incentive plan or other similar incentive plan.

The CEO may be eligible for a share or stock option incentive scheme decided by the Company.

In all variable remuneration plans, the Board determines the earning criteria of the plan, sets out the objectives for such criteria at the beginning of the earning period, and evaluates the actual performance at the end of the earning period. The earning criteria may include key objectives in support of the Company's strategy related to financial targets, development of business or shareholder value, customer or employee satisfaction and quality, as well as corporate responsibility.

The stock option rights are distributed to key personnel employed by Nanoform group as part of the group's incentive and commitment plans for key personnel. The terms and conditions of the stock option rights define the commitment periods and ownership obligations relating to the stock option rights.

The Company may continue to distribute stock options or share rewards to key personnel employed by the Company and the CEO as a part of the group's incentive and commitment plan for key personnel.

Performance-based short and long-term incentives are rated at a target level higher than a fixed salary. In share-based incentive schemes, dimensioning occurs at the beginning of the earning period. The actual outcome depends on the fulfilment of the earning criteria. If the value of a share changes, the value of the reward to be paid increases or decreases accordingly. In variable remuneration, the weighting of a long-term incentive is higher than a short-term incentive, as calculated on an annual basis.

## 4.3 Other Key Terms of the Service Contract

### *Pension Arrangements*

Employees Pensions Act (in Finnish: *Työntekijän eläkelaki (TyEL)*) offers pension security based on the term of service and earnings, as provided in law. The CEO's retirement age will be determined on the basis of the Employees Pensions Act.

In addition to the statutory pension, the Company may agree on supplementary pension arrangements with the CEO. The Board shall decide on the payments of the supplementary pension arrangements in accordance with the market practices.

### *Terms of Notice*

The duration of the contract, the applicable notice period, possible severance payment as well as any other termination clauses are agreed in the CEO's service contract, conforming to current market practice at the time of the conclusion of the contract.

#### **4.4 Terms of Deferral and Possible Clawback of Remuneration**

When applying the incentive plans, if changes in circumstances beyond the control of the Company were to result in significantly detrimental or unreasonable effects on the Company, the Board has the right to reduce remunerations under the incentive plans or defer the payment to a more favourable date for the Company.

The Board, in its discretion, may take actions to cancel remuneration fully or partially if it deems it necessary to amend the financial statements of the Company and this affects the amount of the remuneration or if actions in violation of law or the Company's ethical guidelines or other unethical actions have taken place.

The Board may exercise its discretion in relation to leaver situations of the Board Members or the CEO, as it sees fair and justifiable, as to whether any annual incentive (in whole or partly) shall be payable during the year of departure and as to whether shares granted as reward in long-term incentive plan (in whole or partly) shall vest and the terms on which such shares shall vest.

#### **5 REQUIREMENTS FOR TEMPORARY DEVIATION**

A temporary deviation from the Policy is allowed if this is deemed necessary to ensure the Company's long-term interests, taking into account the Company's long-term success, competitiveness, and shareholder value development. A temporary deviation may pertain to the Policy as a whole or part thereof.

A temporary deviation from the valid Policy is allowed only in exceptional circumstances, in which the Company's key operating preconditions have changed after the General Meeting discussed the Policy, for instance, due to a change of CEO or a corporate arrangement such as a merger or takeover bid, and the valid Policy would no longer be appropriate in these changed circumstances. A temporary deviation is allowed also in case of legislative or regulatory changes or changes in taxation, which would lead to the Policy not being appropriate in these changed circumstances.

If deviating from the Policy is assessed to continue to the point that it may not be deemed temporary, the Company must prepare a new Policy to be discussed at the next possible Annual General Meeting.

The Board shall evaluate the needs for deviating from the Policy and shall decide on the deviation. A temporary deviation must be reported in the annual remuneration report.

The deviation may apply to all reward components. The General Meeting decides on deviation in respect of remuneration of the Board, and the Board decides on deviation in respect of the CEO.

#### **6 AVAILABILITY OF THE POLICY**

The Company shall make the approved Policy available to the public on its website. If the General Meeting has voted on the Policy, information on date of the vote and results thereof must be made available in connection with the Policy.