Remuneration Policy for Governing Bodies

COMPONENTA

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1. Introduction

This remuneration policy for governing bodies ("remuneration policy") determines Componenta Corporation's ("Componenta" or "the company") general guidelines and principles for the remuneration of the company's members of the Board of Directors and President and CEO. The sections concerning the President and CEO will also apply to any substitute President and CEO. The remuneration policy has been prepared in accordance with the requirements of legislation in force and the Finnish Corporate Governance Code 2020 for listed companies approved by the Finnish Securities Market Association. This policy has been approved by Componenta's Board of Directors, and it will be presented to Componenta's Annual General Meeting in 2024. This remuneration policy will be valid until the Annual General Meeting of 2028, unless it is replaced by a new or revised version before this. The previous remuneration policy was adopted at Componenta's Annual General Meeting on 16 April 2020.

No statements on the previous remuneration policy were made at the Annual General Meeting of 2020, which approved the remuneration policy. Shareholders have not made any statements at the Annual General Meetings since then either in connection with the discussion of the remuneration reports.

The new remuneration policy has been subject to mainly minor changes. The main changes concern, among other things, enabling of sustainability targets in the variable remuneration of the President and CEO and clarifications of the other terms and conditions applicable to the contract of service of the President and CEO. In addition, a new clarifying paragraph, 6. Minor changes, has been added to the policy.

Principles of remuneration

The important principles guiding Componenta's remuneration are performance-based remuneration and overall remuneration of personnel. Componenta seeks to motivate, attract and retain skilled persons with remuneration. The objective of remuneration is to contribute to the favourable development of shareholder value, to develop the company's performance and to help the company in fulfilling its business strategy and in attaining the long-term financial benefits. Remuneration is one of the most important ways to ensure that the company's employees understand the result targets, their own possibilities to influence the results and the causal connection between the result of operations and remuneration. Componenta aims to keep the remuneration principles and practices comprehensible and transparent.

The salaries and terms of employment of Componenta's employees are taken into account when deciding about the remuneration of the Board of Directors and the President and CEO. However, due to the status of the Board members and the President and CEO, certain additional criteria may be applied in the remuneration of the governing bodies to the extent that it is in Componenta's interests. The company's financial success and the development of its shareholder value typically have a greater effect on the remuneration of the President and CEO than on that of the employees.

The decision-making process concerning the remuneration of the Board of Directors and the President and CEO is described below. Decisions are made in accordance with the Finnish Limited Liability Companies Act, other applicable laws and regulations, the Finnish Corporate Governance Code for listed companies approved by the Finnish Securities Market Association in force at the time and the Code of Conduct, which together regulate good governance and procedures for avoiding conflicts of interest.

2 Description of the decision-making process

Preparation and approval

The Board of Directors considers and approves the remuneration policy and any substantial changes to it presented to the Annual General Meeting. The Annual General Meeting makes an advisory decision on whether it supports the presented remuneration policy. The shareholders cannot propose changes to the remuneration policy presented to the Annual General Meeting. If a majority of the Annual General Meeting does not support the presented remuneration policy, a revised policy must be presented to the next Annual General Meeting at the latest. In such a case, the decision on the remuneration of the Board of Directors and the President and CEO will be based on the initial remuneration policy presented to the Annual General Meeting until the revised remuneration policy has been considered at the Annual General Meeting.

Monitoring

The Board of Directors monitors the implementation of the remuneration policy. The remuneration policy is included in the agenda of the Annual General Meeting when necessary and at least once every four years. To monitor the implementation of the remuneration policy, the Board of Directors presents a remuneration report to the Annual General Meeting once a year, and the Annual General Meeting decides on its approval. The Annual General Meeting's decision is advisory.

Implementation

The General Meeting of Componenta decides on the Board's remuneration. The Shareholders' Nomination Board prepares well-grounded proposals for the General Meeting regarding the election and remuneration of Board members and usually also presents the proposals to the General Meeting. The Shareholders' Nomination Board consists of the company's largest shareholders.

The Board of Directors of Componenta appoints the President and CEO and approves the terms and conditions of the contract of service, as well as the salaries and remuneration payable to the President and CEO. It is the Board of Directors' duty to ensure that the management remuneration practices are in line with the business requirements, the company's objectives and the shareholders' interests.

The Annual General Meeting decides on possible issues of shares, stock options or other rights entitling to shares to the governing bodies as part of remuneration. The General Meeting may authorise the Board of Directors to decide to issue such instruments for remuneration purposes.

3 Remuneration of the Board of Directors

The General Meeting decides on the remuneration of the Board of Directors. Proposals on the remuneration of the Board members are prepared by the Shareholders' Nomination Board, which evaluates the remuneration level of the Board of Directors in relation to similar companies, taking into account the duties and responsibilities of the Board of Directors, as well as the company's current situation. The fees of the Board members may be determined by their position as the Chairman or Vice Chairman of the Board or a member of a committee. The remuneration of the Board members may consist of one or more components, such as an annual or monthly fee and possible meeting fees. The Board members are paid travel and daily allowances in accordance with the company's travel policy.

The fees can be paid either in cash and/or partially in shares or other financial instruments, as decided by the General Meeting. The General Meeting can also decide to determine the remuneration on other kinds of grounds. The Board members do not participate in any share-based remuneration system that is intended for Componenta's management or personnel. This remuneration policy does not limit the decision-making powers concerning remuneration exercised by the shareholders at General Meetings.

4 Remuneration of the President and CEO

Components of remuneration

The President and CEO's total remuneration may include a fixed remuneration component, i.e. a monthly salary and benefits, and a possible variable component, such as short-term and long-term schemes. The relative proportions of the remuneration components may vary according to the objectives set by the Board and achievement of such objectives. Any fees paid under short-term and long-term incentive schemes are not part of the President and CEO's contract of service and are not considered to be a salary or fringe benefit.

The purpose of the basic salary is to attract and retain accomplished person as President and CEO who can follow through the company's key strategic objectives. Basic monthly salary of the President and CEO is determined on the basis of the requirements of the position and the person's experience level, performance and expertise that meets the requirements of the position. When determining the basic salary, attention is paid to the company's current situation and the salary level in the market. The Board of Directors reviews the basic salary as often as required by the circumstances. When changes are made to the President and CEO's fixed salary, attention is paid, where applicable, to the average salary raises of the rest of the personnel. The Board of Directors may decide that the changes to the fixed salary may deviate from the average salary raises or that they can be made based on other criteria, which can be related to, for example, the general development of business, financial result, operations or market practice-related requirements.

The President and CEO may be entitled to various types of insurance, such as voluntary medical expense insurance. In principle, the fringe benefits are based on the company's current practices and market practices and usually include mobile phone and car benefits, for example.

Short-term incentive scheme

The President and CEO may participate in the same short-term incentive scheme as key employees. The purpose of any short-term incentive scheme is to support attainment of the targets set and to promote commitment by setting unambiguous and measurable annual targets that have a direct impact on the company's result. If company has short-term incentive schemes the Board of Directors will approve the terms and targets annually for the whole Group. Any fee paid under a short-term incentive scheme may be based on the achievement of the financial, operational and/or sustainability objectives set for Componenta's business operations. The financial objectives may be related to, for example, the growth of net sales, operating result, EBITDA, cash flow or other objectives set by the Board of Directors. Operational objectives can be related, for example, to the implementation of an operational project. Sustainability objectives relate to environmental, social and governance objectives. When the Board of Directors considers the components of yearly remuneration, it may take into account the company's financial situation, as well as the market practices and circumstances.

The maximum remuneration payable to the President and CEO from any short-term incentive scheme must not exceed half of his/her fixed annual salary. At its discretion, the Board of Directors may change the criteria for short-term incentives.

Long-term incentive scheme

The President and CEO may participate in the same long-term incentive scheme as key employees. The purpose of any long-term incentive schemes is to provide an incentive to key employees and to bring their benefits in line with the shareholders' benefits and the long-term strategy aimed at sustainability of business operations. Long-term incentives may consist of both performance-based and restricted share-based remuneration schemes.

The Board of Directors decides on any long-term incentive schemes, such as share-based remuneration schemes, and determines the earning criteria for performance-based schemes at the beginning of each scheme. The earning criteria may be based on, for example, the development of shareholder value or the financial or strategic objectives, including sustainability objectives (environmental, social and governance metrics). If a share-based incentive scheme is employed, the development of shareholder value will affect the value of fees earned under long-term incentive schemes. The share-based remuneration schemes may have earning and commitment periods of several years. Share-based remuneration schemes may include transfer restrictions, recommendations or contract-based obligations concerning holding a certain number of shares within a certain period of time pursuant to the Limited Liability Companies Act. Remuneration schemes may be tied to the duration of the President and CEO's contract of service. The payment of remuneration may be subject to the President and CEO's contract of service being valid at the time the remuneration is paid.

The current value of the potential bonus paid under a long-term incentive scheme can be no more than 30% of the President and CEO's fixed yearly salary. The current value is always calculated by using a method relevant for the incentive scheme at the beginning of the earning period. The Board of Directors decides on the fees paid under the scheme, and it may also change the criteria for any long-term incentives.

Other important terms applicable to the contract of service

The terms of the President and CEO's contract of service are determined in writing and approved by the Board of Directors. The duration of the contract of service, the applicable notice period, possible severance payment terms, as well as any other termination terms and other financial benefits, are agreed on in the President and CEO's contract of service, conforming to the current market practice at the time of the conclusion of the contract and the company's current situation. Other financial benefits may include pension benefits, insurance benefits, other similar benefits and benefits in kind to the extent that they are not part of fixed remuneration.

The notice period applicable to the President and CEO's contract of service is no more than 6 to 12 months when the contract is terminated by the company and no less than 3 to 12 months when terminated by the President and CEO. If the President and CEO's contract of service is terminated by the company without the President and CEO being guilty of, for example, crimes, dishonest conduct or breach of contract relevant to the company, the President and CEO may be entitled to a severance pay equal to no more than 12 months' total salary. A lower retirement age than defined in the applicable legislation on earnings-related pension may be agreed on for the President and CEO.

Terms for deferral and possible clawback of remuneration

At its discretion, the Board of Directors may change the amount and payment date of fees paid under any short-term or long-term incentive schemes or fully cancel such fees.

The Board of Directors may also decide to claw back already paid fees or an amount of money equivalent to the value of earned shares if, for example, these fees have been paid based on false or misleading information or the recipient has violated applicable regulations, legislation or the company's code of conduct. The Board of Directors may also claw back the President and CEO's variable remuneration fees in the event of malpractice or misrepresentation of financial or other information.

In principle, when his/her contract of service ends, the President and CEO will lose any fees payable under short-term and long-term incentive schemes that he/she has not received on the day that the notice of terminating the contract of service was given. By way of derogation, the Board of Directors may decide that the President and CEO will receive such fees fully or partially. Short-term and long-term incentive schemes may include special terms concerning the payment of fees in the event that the contract of service is terminated due to permanent disability, death, retirement or corporate transactions, for example.

5 Temporary deviations from the remuneration policy

The Board of Directors may decide to temporarily deviate from the remuneration policy fully or partially if the company's operational conditions have changed after the remuneration policy was considered in the General Meeting, and the current remuneration policy concerning the governing bodies would no longer be appropriate in the changed circumstances. The Board of Directors may temporarily deviate from this policy if the company's financial status has deteriorated considerably or its business strategy has changed considerably, and such a deviation is, thus, necessary to protect the company's finances and long-term interests. The Board of Directors may also deviate from this policy due to, for example, significant corporate transactions (e.g. a merger, acquisition or division), change of control, changes in the Board of Directors or change of the President and CEO, changes in applicable mandatory legislation or changes in collective agreements.

Changes can be made to any components of remuneration, terms of contract, structures and mechanisms of the remuneration systems, schedules, measures and remuneration amounts if they are considered necessary to ensure the long-term development of the company. The company may not deviate from the rules concerning the decision-making process.

Any changes must be implemented after careful consideration. Any changes must be communicated openly to the shareholders no later than in the next remuneration report, which will be reviewed at the next Annual General Meeting. If it is estimated that the deviation from the remuneration policy will continue more permanently, the company will prepare a new remuneration policy, which will be presented to the next possible Annual General Meeting.

6 Minor changes

Minor changes to the remuneration policy, which are not considered to be substantial, may be made without presenting the amended remuneration policy to the General Meeting. Such changes may include, but are not necessarily limited to, technical changes to the decision-making process for remuneration, changes in the terminology used for remuneration or changes in legislation.

COMPONENTA

Componenta Corporation, Head Office
Address: Teknobulevardi 3–5, 01530 Vantaa, Finland
Telephone: +358 10 403 00
Email addresses: firstname.lastname@componenta.com
www.componenta.com