Remuneration Policy for Governing Bodies

TAALERI

Contents

1. Introduction

This Taaleri Plc (hereinafter "Taaleri") Remuneration Policy for Governing Bodies has been drawn up in accordance with the applicable Limited Liability Companies Act, Securities Markets Act and the Finnish Corporate Governance Code entered into force on 1 January 2020.

This Remuneration Policy specifies the principles of rewarding Taaleri's various governing bodies. All governing bodies operating under Taaleri must be remunerated within the framework of the Remuneration Policy and in accordance with its principles. In the application of this Remuneration Policy, the governing bodies comprise of members of Taaleri's Board, the CEO and the possible Deputy CEO.

The essential purpose of the Remuneration Policy is to promote the achievement of the company's long-term financial goals by motivating members of the governing bodies to implement the business strategy and act in the interest of all of the company's stakeholders. Another goal of the Remuneration Policy is to enable the recruitment and engagement of capable managers through incentives, in order to reinforce the continuity of the company's operations.

The principles of the remuneration schemes must comply with the business strategy, goals and values of the Taaleri Group, support the Group's long-term interests and promote risk management. Furthermore, they may not cause conflicts of interest between the person being remunerated and Taaleri or rules of the funds managed by Taaleri group or Taaleri's customers. The remuneration schemes and any performances based on them may not compromise the solvency of Taaleri or any of the Group companies or encourage risk-taking that exceeds the company's overall willingness to take risks. Payments based on remuneration schemes may only be made if the recipient has acted in accordance with the applicable laws and regulations as well as the company's internal guidelines.

In order to guide the rewarding of Taaleri Group's personnel, the Board has approved a document describing Taaleri's remuneration schemes and principles, which do not deviate from the principles presented in this Remuneration Policy.

What is stated below with regard to the CEO is also applicable to anyone serving as the CEO's deputy.

2. Description of the decision-making process

Remuneration Policy

The Remuneration Committee of the Board of Directors prepares the remuneration policy and any changes thereto. The Board approves the Remuneration Policy for presentation to the Annual General Meeting, and the Policy is appended to the meeting invitation or published with a separate stock exchange release.

No substantial changes can be made to the Remuneration Policy without presenting the amendments to the Annual General Meeting. Without the involvement of the Annual General Meeting, the Board of Directors may only make technical changes to the Remuneration Policy, such as changes to the relevant decision-making process and terminology and changes necessitated by legislative amendments, provided that the changes are not substantial.

The Remuneration Committee of the Board of Directors presents the Board's Remuneration Policy proposal to the Annual General Meeting. The Annual General Meeting decides whether it wishes to support the proposed Remuneration Policy, but the decision is to be regarded as advisory in nature. The Remuneration Policy is presented to the Annual General Meeting at least every four (4) years and whenever substantial changes are made to it. If the majority of the Annual General Meeting does not support the Remuneration Policy presented to it, a revised Policy must be presented at the next Annual General Meeting at the latest.

The Board's Remuneration Committee must annually assess the validity of the Remuneration Policy well enough in advance so that the Board's proposal on changes to the Remuneration Policy can be discussed at the next Annual General Meeting.

Board of Directors

The Shareholders' Nomination Board prepares for the Annual General Meeting a proposal for the remuneration of Board members. In preparing the proposal, the Shareholders' Nomination Board must take the applicable Remuneration Policy into account. The shareholders' Nomination Board presents to the Annual General Meeting a proposal for the remuneration of Board members, and the Meeting then decides on the actual remuneration. In preparing the proposal for the Annual General meeting, the Shareholders' Nomination Board assesses the remuneration of Board members and the level of the remunerations.

CEO

The Board of Directors' Remuneration Committee prepares and presents to the Board a proposal on the remuneration of the CEO, with due consideration to the applicable Remuneration Policy. The Board makes the decisions on the remuneration of the CEO, the remuneration schemes and their terms, and other compensations to be paid to the CEO. When the Board is discussing the CEO's remuneration, the CEO does not have the right to attend the Board meeting. The Remuneration Committee assesses the CEO's remuneration arrangement annually or at the intervals agreed upon in the CEO contract and prepares a proposal on the adjustment of the remuneration if necessary.

The process of granting shares, options and other special rights providing entitlement to shares

By proposal of the Board of Directors, the Annual General Meeting decides on the granting of shares, options or other special rights providing entitlement to shares, or the authorisation of the Board to grant them.

As regards shares, options or other special rights providing entitlement to shares that are granted under a remuneration scheme, the General Meeting decides on those to be provided to the Board, whereas the Board, within the framework of the authorisation from the Annual General Meeting, decides on those to be provided to the CEO.

The Remuneration Committee and Shareholders' Nomination Board assess the granting of shares, options or other special rights providing entitlement to shares as part of the remuneration arrangement in the context of preparing remuneration schemes for the various bodies.

3. Description of remuneration to the Board of Directors

The Annual General Meeting decides on the remuneration of the members of the Board of Directors once the Shareholders' Nomination Board has presented to the Annual General Meeting a decision proposal that takes into account the effective Remuneration Policy. The remuneration of the Board of Directors may consist of fixed monthly or annual remuneration, meeting-specific fees and other remuneration decided by the Annual General Meeting.

4. Description of remunerations to the CEO

a) The components of remunerations and their relative proportions

Taaleri CEO's remuneration may consist of fixed remuneration, variable remuneration or other financial benefits. All financial benefits of which the parties involved know the amount beforehand are regarded as fixed remuneration. All remuneration that is scaled according to a person's performance or other externally defined factor, such as developments in the company's financial and non-financial key figures or other specifiable factor, are regarded as variable remunerations. These include short-term and long-term remuneration schemes. Other financial benefits may include signing and commitment bonuses, pension arrangement and financial compensation based on the conclusion of an employment relationship.

Remuneration may be provided in cash, shares, options, other share-based rights or securities, or fringe benefits or other benefits.

The components of the CEO's fixed and variable remuneration must be mutually proportionate in terms of the goals of the remuneration arrangement, with due consideration to the current business strategy, goals and Taaleri's long-term interest.

b) The bases for determining variable remuneration

Variable remuneration may be determined based on the achievement of quantitative or qualitative goals or the development of Taaleri's share price. Quantitative goals may include the company's financial and profit performance, while qualitative goals may include operational development or sustainability targets set for the profit period, adherence to internal and external rules, and an assessment of personal performance.

The achievement of the quantitative goals promotes the company's business strategy and long-term financial interests by setting financial goals in such a way that their achievement generates value in the long-term through dividends paid to shareholders and the development of the company's value, for example. Qualitative goals can be related to the development of the company, its operations and the personnel. As they develop, the company's efficiency, sustainability innovativeness and competitiveness can be expected to improve, impacting the company's earning power and value. On the other hand, goals related to the development of Taaleri's share price generate value for shareholders. The methods used to assess earning criteria determine the achievement of numerical goals and, in terms of qualitative goals, whether the target set by the earning criteria has been achieved.

Remuneration schemes must include an earning period, which refers to the period of time for which the fulfilment of the set performance and profit criteria (earning criteria) will be assessed. A remuneration scheme's earning period must be at least one (1) year. In the case of a share-linked remuneration scheme, the earning period must be at least two (2) years. Taaleri's Remuneration Committee prepares and the Board of Directors decides on earning criteria for each period in order to ensure that the principles listed in Section 1 (Introduction) are observed.

Contributions based on the remuneration scheme are paid in accordance with the terms of the remuneration scheme after the end of the earning period.

c) Other key terms applied to the employment relationship

Pension arrangements can be made with the CEO, and it is possible to provide the CEO with signing bonuses, commitment bonuses and compensation for the termination of the employment relationship.

The CEO's pension arrangement must be payment-based, and the payment can be no more than 25% of the CEO's annual salary. The retirement age applied in the pension arrangement must be based on the statutory pension scheme that covers the CEO.

The CEO must, for the entire duration of the employment relationship, own a number of shares gained through remuneration schemes that is at least equal in value to his/her gross annual salary.

d) Terms and conditions for postponing and reclaiming remunerations

A remuneration may only be provided if its payment is sustainable with regard to the overall financial situation of the company and group as well as known risks, and the payment is justified based on the performance of the company, group and CEO.

A remuneration may be left unpaid, in part or in full, or postponed to a later time better suited to the company if its payment would jeopardise the solvency of the company or group or lead to an otherwise harmful or unreasonable end result for the company or group.

A remuneration may be left unpaid, in part or in full, or remuneration already paid may be reclaimed if the CEO's actions give cause to do so or actions taken by the CEO have violated the regulations, guidelines, operating principles or procedures related to the company's operations, the legislation related to the CEO's employment relationship or the company's ethical guidelines or other ethical standards, or if the recovery is justified considering the overall financial situation of the company or group.

5. Preconditions for temporary deviation

Temporary deviations from the Remuneration Policy are permissible if the Taaleri Group's essential operating capabilities have changed after the Annual General Meeting's processing of the Remuneration Policy, provided that the deviation is aimed at securing the long-term interests of the Taaleri Group. Factors such as the company's long-term financial success, competitiveness and the development of shareholder value may be considered in assessing the company's long-term benefit. The deviation may apply to the full Remuneration Policy to the extent required by the change in circumstances.

The possibility of deviation applies to the following situations:

- change of CEO or Deputy CEO;
- corporate restructurings, such as mergers, demergers or takeover bids;
- establishment, acquisition or divestment of new business areas;
- significant changes in strategy or organisational structure;
- obtaining or relinquishing the permits required for business or
- changes to regulation or taxation.

If the deviation from the Remuneration Policy is expected to persist beyond the short term, the company must prepare a new Remuneration Policy to be discussed by the next Annual General Meeting. The preparation, decision-making and assessment procedures presented in Section 2 (Description of the decision-making process) are to be applied in deviating situations.