

CapMan Plc - Remuneration Policy

This CapMan Plc (hereinafter referred to as CapMan or the Company) Remuneration Policy has been drawn up in accordance with the Finnish Limited Liability Companies Act (624/2006, with amendments), Securities Markets Act (746/2012, with amendments), Decree of the Ministry of Finance 608/2019 and the Finnish Corporate Governance Code (hereinafter referred to as Governance Code) entered into force on 1 January 2020. This Remuneration Policy is applied to the remuneration of CapMan's Board of Directors, Chief Executive Officer (hereinafter referred to as CEO) and potential deputy CEO. The remuneration principles of the CEO are applied also to the potential deputy CEO where applicable, unless otherwise stated in this Policy.

The Governance Code is available on Securities Market Association's website at www.cgfinland.fi/en/. This Policy has been approved in CapMan's Annual General Meeting on 11 March 2020.

1. Introduction

The purpose of the remuneration at CapMan is to support the company's business strategy.

The Company adheres in its remuneration of the personnel to the following main principles which support the implementation of the business strategy:

- Overall remuneration is proven to be competitive
- Remuneration attracts and engages to the company
- Remuneration is fair, equal and understandable
- Remuneration is encouraging and directs to achieving strategic business objectives
- The total remuneration rate is based on the requirement level of tasks
- Alignment of interests of the shareholders, fund investors and personnel

The terms of the CEO's service are agreed upon in the CEO service agreement. The same remuneration principles (e.g. regarding fringe benefits) are generally applied to the CEO as to other employees. Nonetheless, taking into account the special nature and requirement level of the CEO's duties as well as the position of responsibility related to the role, the CEO can be offered certain benefits that deviate from the personnel's benefits. These can include for example a pension benefit. The terms of the CEO agreement are described in more detail in the Remuneration Report published annually, and on the Company's website. The Remuneration Report was published for the first time for calendar year 2020.

2. Decision-Making Relating to Remuneration Policy

This CapMan Remuneration Policy has been prepared by CapMan's Board of Directors. The Remuneration Policy is considered in the Annual General Meeting (AGM) at least every four years and whenever substantial amendments are made to it. The Board of Directors reviews the validity of the Policy annually and, if needed, suggests amendments. All amendments, excluding those that are technical in nature, are to be considered by the next AGM. The AGM decision on Remuneration Policy is advisory in nature. The Policy is implemented by the Board of Directors and the Company's management. The remuneration is reported annually to the AGM.

3. Remuneration of the Board of Directors and relevant Decision-Making

The remuneration of CapMan's Board of Directors is decided by the AGM. The proposal regarding the remuneration is made to the AGM by the Shareholders' Nomination Board.

Board remuneration can consist of a fixed monthly or annual salary, meeting allowances and other components decided by the AGM.

4. The Remuneration of the CEO

The remuneration of CapMan's CEO consists of fixed annual salary, short- and long-term incentive schemes, fringe benefits, other financial benefits and pension arrangements. Same remuneration principles apply to a potential deputy CEO. CEO remuneration that promotes the long-term success of the Company has been designed to attract and motivate committed and skilled experts who have the know-how and experience needed for the task.

4.1 Decision-Making

The body that nominates CapMan's CEO and potential deputy CEO, i.e. the Board, decides on the remuneration of said persons as well as other terms of service. The Board also annually confirms the key principles and components of the CEO's variable remuneration in accordance with this Policy. The Board's Remuneration Committee typically prepares the proposals regarding remuneration for the Board's decision-making. The Remuneration Committee is formed in accordance with the requirements of the relevant Corporate Governance Code and it generally does not include persons belonging to CapMan's management. Research data on CEO remuneration rates can be used in the preparation of the remuneration. The Company's support functions may assist the Board and Remuneration Committee in the preparation work.

If the Board has decided that the CEO be paid Company shares or special rights entitling to shares, the granting of these instruments will be decided on by the AGM or, it can authorize the Board to decide on it.

4.2 Fixed remuneration

Fixed remuneration consists of monthly base salary and fringe benefits according to the relevant Company policy in force from time to time (e.g. phone, lunch and sport benefits and travel and casualty insurances). The CEO may also be offered other personnel benefits, e. g. accommodation, car benefit or various insurances.

4.3 Variable remuneration

The purpose of variable remuneration is to encourage the CEO to manage the Company in a way that the strategic objectives confirmed by the Board are met both in short term (short-term incentives) and in long term (long-term incentives). Variable remuneration consists of short- and/or long-term incentives. Short-term incentives typically refer to bonuses related to a person's performance and the Company's result or other criteria. Long-term incentives typically refer to the compensation based on Company shares (e.g. share benefit).

The Board determines the components of fixed and variable remuneration to be in an appropriate proportion to each other in the relevant circumstances and considering the Company's remuneration principles. Generally, short-term variable remuneration cannot exceed 150% of the CEO's fixed annual salary. The long-term variable remuneration portion can be highly substantial, but it must always be proportionate to the creation of shareholder value.

Variable remuneration is tied to the strategic and financial objectives of the Company, the share price development, the actualization of certain projects or other similar criteria. The criteria can also be non-financial or qualitative, such as sustainability related. The performance period of short-term incentives is typically one calendar year and it is determined annually. The performance period of long-term incentives is typically at least three years. The performance criteria is determined at the beginning of the performance period and it can be revised during the period where needed. In particular, long-term remuneration can be subject to a lock-up period following the performance period. The lock-up period is typically one or two years and no shares received through the incentive scheme are to be disposed of during that period.

The achievement of remuneration criteria is evaluated by comparing the target level to the realized outcomes. In case of qualitative and/or non-financial objectives, the evaluation is based on the target assessment of the Board. The nature of the criteria is taken into consideration in the assessment.

The Board can also exceptionally use different non-recurring remuneration components such as sign-in or stay-on bonuses.

The Board can decide to reclaim or not to pay the variable components paid to the CEO in exceptional situations such as misuse or if the Company's financial statement needs to be restated. Should the relevant regulation so require, the deferral rules will be applied to CEO remuneration.

4.4 Other key terms of CEO service

Certain other terms of service impact the overall compensation of the CEO. These include for example the contract term, term of notice, severance pay and pension arrangements.

The CEO can have an additional pension insurance arranged by the Company, the annual insurance payment of which is agreed on case by case. Also, for instance the retirement age, term of notice and severance pay upon the Company terminating the CEO service are typically agreed upon with the CEO. The CEO service agreement is generally signed to be in force until further notice.

5. Deviation

When determining the components of the incentive schemes, the amount of the remuneration and the mix between the fixed and variable remuneration, the Remuneration Policy is applied. The remuneration policy can however be temporarily deviated from by the Board's decision in the event that the CEO or deputy CEO changes or such material changes occur in the structure, organization, ownership or business activity of the Company (e.g. merger, buyout, division, acquisition) which may require alterations in the fixed or variable components of remuneration or other financial benefits, or in other situations of change in the business operation of the Company where deviation is necessary to ensure the realization of the Company's long-term interests. When evaluating the long-term interests of the Company, among other things its long-term financial success, competitiveness and enhancement of shareholder value can be taken into consideration considered among other things. The policy can also be temporarily deviated from in case the regulation or taxation changes in a way which result in the remuneration based on the policy no longer complies with law and regulations or is not financially appropriate or reasonable.

The aim is to ensure that in exceptional circumstances, the Board has sufficient means to incentivize the CEO and therefore the Board may deviate from any item of the Policy (such as compensation components and criteria) other than the decision-making principles.