

TALENOM PLC'S REMUNERATION POLICY

Policy approver: Talenom Plc's Board of Directors

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1 INTRODUCTION

This remuneration policy of Talenom Plc ("the company") sets forth the principles and decision-making processes for the remuneration of the Board of Directors and CEO and for the key terms of the service contract, in addition to which option schemes and performance share plans are available on Talenom's investor website. In addition, the company publishes an annual remuneration report containing a description of the implementation of the company's remuneration policy in practice and relevant information on the remuneration paid and due to the company's management for the previous financial year. The remuneration policy has been prepared in accordance with Finnish legislation and especially with the Securities Act, Limited Liability Companies Act, Decree 608/2019 of the Ministry of Finance, and the Finnish Corporate Governance Code.

The company's remuneration policy applies to all employees of the company. The key principles of remuneration are its transparency and market orientation, as well as remuneration based on good performance. The company's remuneration is gender neutral.

The objective of the company's remuneration policy is to encourage and reward management for work that is in line with its current strategy and for compliance with set rules, as well as motivate them to strive for the success of Talenom Group.

Effective and competitive remuneration is an essential tool for hiring and committing competent directors and executives to the company, which contributes to the company's financial success and good governance. Remuneration supports achievement of the company's objectives, implementation of the strategy and long-term performance.

Remuneration in accordance with the remuneration policy consists of the following components:

- Basic salary and employee benefits follow local market practices, legislation and regulations.
- The purpose of the short-term incentive scheme is to guide the performance of an individual and the organisation and support fast implementation of strategic projects.
- The long-term remuneration scheme is designed to commit key personnel to the company. Long-term incentives aim to commit management to the company and harmonise their interests with those of shareholders.

2 DECISION-MAKING PROCESS

Talenom Group's remuneration principles and policies are addressed by the company's Board of Directors. The company does not have a remuneration committee appointed by the Board of Directors for the administration of the remuneration scheme. It has not been considered necessary, taking into account the nature and scale of the company's operations.

The Board of Directors monitors and supervises the functionality of the remuneration policy, the competitiveness of remuneration and how the remuneration policy promotes the company's and Group's long-term objectives.

The Board of Directors approves and proposes the company's remuneration policy to the General Meeting. When the remuneration policy is changed, the Board of Directors goes through the significant changes.

The remuneration policy is presented to the General Meeting at least every four years or whenever material changes are made to it. The General Meeting decides whether it supports the proposed remuneration policy. The decision of the General Meeting is advisory.

Decisions concerning the remuneration and the terms applicable to the service contract of the CEO and possible vice president are made by the Board of Directors. Decisions must be made within the limits of the valid remuneration policy presented to the General Meeting.

The Executive Board assists the CEO in the management of operations. In addition to the CEO, the Board appoints the other members of the Executive Board and decides on the benefits paid to the members of the Executive Board and other terms of the employment contracts. In addition, the Board decides on the company's remuneration and incentive schemes.

The General Meeting or the Board of Directors, as authorized by the General Meeting, decides on issuing of shares, options or other special rights entitling to shares. When shares, options or other special rights entitling to shares are issued to members of committees as part of remuneration, it shall be done within the framework of the remuneration policy.

The preparation of the proposal on remuneration of the Board has been assigned to the Board of Directors. The remuneration of the Board of Directors is finally decided by the company's General Meeting.

3 DESCRIPTION OF BOARD REMUNERATION

The General Meeting decides on the remuneration of the Board of Directors for one term of office at a time based on a proposal by the Board of Directors.

The decision on the remuneration of the Board of Directors shall be based on the valid remuneration policy presented to the General Meeting.

In accordance with the decision of the General Meeting, the members of the Board of Directors are paid annual or monthly remuneration and/or meeting fees.

Based on a decision by the General Meeting, the members of the Board of Directors may be reimbursed for travel expenses and/or other expenses directly arising from Board work.

Board and any committee fees may be paid in whole or in part as company shares based on a decision of the General Meeting.

The members of the Board are not covered by the short-term performance bonus scheme, the company's option programs or other long-term remuneration schemes.

4 DESCRIPTION OF THE CEO'S REMUNERATION

The remuneration of the CEO and the terms of their service contract are decided by the Board of Directors within the limits of the valid remuneration policy presented to the General Meeting.

4.1 Components used in remuneration and their relative shares

The remuneration of the CEO consists of monthly salary, employee benefits and variable performance-based incentive schemes. The remuneration of the CEO may also include a supplementary pension scheme and a severance payment.

Incentive schemes consist of an annual short-term performance bonus scheme and long-term incentive schemes.

The basic salary of the CEO must be in line with the interests of the company and its shareholders. The basic salary must be competitive in labor market comparison to attract and retain skilled professionals.

The target is that the proportion of variable remuneration in the remuneration of the CEO does not exceed 100% of the fixed annual salary.

4.2 Principles for determining variable remuneration components

The target and maximum levels of variable remuneration indicators are based on the long-term strategic targets defined by the Board of Directors. Indicators are monitored regularly.

Short-term performance bonus

The CEO may be paid an annually determined performance bonus. The Board of Directors defines the performance targets of the CEO. The performance period of the CEO's short-term performance bonus is 12 months.

If the criteria defined annually by the Board of Directors are met, the CEO may be entitled to a performance bonus, the aim of which is that the annual bonus does not exceed 50% of the fixed annual salary.

The criteria defined by the Board of Directors can consider the company's net sales, EBITDA, operating profit, customer retention, operational efficiency, employee satisfaction, progress in product development, and product group-specific growth, as well as strategy implementation. The Board of Directors assesses the fulfillment of the criteria and decides on the remuneration based on an overall assessment.

Long-term performance bonus

The purpose of the long-term performance bonus is to motivate the CEO to increase shareholder value over the long term and commit the CEO to the company. Long-term performance bonus schemes may include, for example, performance share plans and option schemes.

Option and share-based rights are distributed to key employees of the Group company as part of the incentive and commitment systems for key employees of the Group. The terms and conditions of the option and share-based rights specify the related commitment periods and holding obligations.

4.3 Other terms of the service contract

Pension plan

The Employees' Pensions Act (TyEL) provides pension cover based on the term of service and earnings as prescribed by the Act. The retirement age of the CEO is determined based on the Employee's Pensions Act.

Terms of termination

The term of notice applicable to the CEO may be agreed in the service contract. The term of notice of the CEO's service contract is 2 months unless otherwise agreed. In addition, other terms of termination may be agreed with the CEO in the service contract, such as the CEO being entitled to an option program already issued in all situations, including termination.

4.4 Conditions for deferring remuneration and possible repayment

No deferral terms or conditions based on which repayment of paid benefits can be claimed are applied to the company's remuneration policy apart from option rights. For stock options, the basis is that the key employee loses their options if the employment relationship with the company ends. The Board of Directors may, however, decide to deviate from the above condition in the terms of the CEO's service contract.

5 REQUIREMENTS FOR TEMPORARY DEVIATION

Temporary deviation from the remuneration policy is possible if necessary to ensure the long-term interests of the company, considering the company's long-term financial success, competitiveness and development of shareholder value.

Deviations from the valid remuneration policy are possible in exceptional circumstances where the company's key operating conditions have changed since the consideration of the remuneration policy at the General Meeting, for example, as a result of a change of the CEO, M&A transactions, such as a merger or a takeover bid, or regulatory changes, and the valid remuneration policy of governing bodies would no longer be appropriate in the changed circumstances.

If the deviation from the remuneration policy is expected to continue on a non-temporary basis, the company must prepare a new remuneration policy, which will be discussed at the next possible General Meeting.

The Board of Directors assesses the need for deviation from the remuneration policy and decides on the deviation. The temporary deviation must be explained in the remuneration report.

6 THE AVAILABILITY OF THE REMUNERATION POLICY

The company keeps its valid remuneration policy available to the public on its website.

If the company's General Meeting has voted on a remuneration policy, information on the date and result of the vote must be presented in connection with the policy.