

## BIOHIT OYJ REMUNERATION POLICY

### Introduction

This policy sets out the principles for remuneration of the Board of Directors and the President & CEO.

The Board of Directors approves the remuneration policy and is responsible of its implementation. The Board of Directors constantly reviews the remuneration policy able to secure its alignment with company's strategy and to secure that rewards are consistent with the achieved results. The Board also supervises the execution of the policy and secures that remuneration are compliant with company's remuneration policy, labor legislation, collective agreements and other compelling regulation.

Biohit Oyj's Remuneration Policy will be presented in the company's annual general meeting at least every fourth year and always if significant changes are proposed to it. A report on the remuneration will be annually presented in the company's annual general meeting, starting in 2021.

### Description of the Decision-Making Process

The Board of Directors handles all its tasks. Setting up Board committees or a supervisory board has not been considered necessary due to the company's small size and to ensure operational efficiency.

The shareholders decide in the General Meeting whether they accept the presented remuneration policy. The shareholders cannot make any amendments to the policy before or during the meeting. The Board of Directors assesses the need for amending the remuneration policy based on the decisions made in the General Meeting and based on the statements presented in the General Meeting. If the General Meeting does not approve the remuneration policy presented by the Board, a revised policy will be presented in the next Annual General Meeting at the latest.

The Annual General meeting decides upon the remuneration of the Board of Directors yearly and the Board of Directors decides upon the remuneration of the CEO. The CEO has no right to attend the Board of Directors meeting when the remuneration of the CEO is handled.

The remuneration report on the actual remuneration is presented to the General Meeting yearly.

The company may make only other than significant adjustments to the remuneration policy without submitting them to the Annual General Meeting. When making adjustments to the remuneration policy the Board of Directors explains significant changes and the General Meeting will decide upon the changed remuneration policy presented by the Board of Directors.

### Main principles of the remuneration

Biohit Oyj targets to reward its management and personnel in a way which encourages and commits them to advance company's strategy and to increase shareholder's value. Remuneration levels and remuneration trend is reviewed towards company's success, general economic situation and industry's remuneration principles. Main remuneration principle on top of the fixed salary is performance based remuneration. In addition the important element in remuneration is both management's and personnel total remuneration. Biohit Oyj has following remuneration models:

- Annual fixed salary
- Annual bonus
- Long-term incentives
- Other financial benefits

## Remuneration of the Board of Directors

The Annual General Meeting approves the fees of Biohit Oyj's Board of Directors. The Annual General Meeting decides annually fees for the Chairman of the Board and the other members of the Board.

If the Board member has an employment or service contract with the company his remuneration is based on the terms in this contract.

## President & CEO

The Board approves the President & CEO's remuneration and terms of employment. The notice period of the President & CEO and the remuneration during the notice period is determined in accordance with the CEO's employment contract. The President & CEO's employment contract is prepared in such a way that it corresponds to the prevailing industry practice at the time of concluding the contract.

The President & CEO is part of the bonus program which is based on reaching the annual targets set to the President & CEO. Targets are mainly based on the net sales and earnings targets. The target level of the bonus is 20% of the CEO's total compensation. The maximum bonus that can be received can total no more than 40% of annual salary.

If the changes in the company's economic conditions occur the Board of Directors can exceptionally cancel the bonus payments for that financial period.

Correspondingly to approval of the CEO's financial targets the Board of Directors will confirm annually the financial targets for the management team.

## Pension plans

No other pension arrangements, beyond those mandated by law, will be made with the President & CEO.

## Shares, options, or other special rights entitling to shares

According to the Company's Act the General Meeting or the Board of Directors authorized by the company will decide upon granting shares, options or other entitlements to shares. When shares, option or other entitlements to shares are granted as a part of remuneration, this will be made in accordance with the remuneration policy.

The company has right to grant shares or options in remuneration to company's management or key individuals as a part of the strategy implementation.

Targets are set to represent long-term value creation for shareholders. In driving long-term alignment with the Company's strategy and the interests of the shareholders, the length of the vesting period and the restriction period together in the long-term incentive plans shall be minimum of three years.

Share-based remuneration schemes may include restrictions on the transfer of shares under the Limited Liability Companies Act, as well as recommendations, or contractual obligations in relation to retaining a specific number of shares over a certain period of time.

## Deviations from the remuneration policy

The Company may deviate from the Remuneration Policy that has been presented to the general meeting if it is assessed that the achievement of the Company's long-term goals and the realisation of the Company's strategy will otherwise be endangered. The deviation may concern all areas of remuneration.

Any deviations regarding the Board members' remuneration will be decided by the general meeting and the deviations regarding the CEO's remuneration will be decided by the Company's Board of Directors.

The possibility to deviate from the Bodies' Remuneration Policy temporarily is intended to be applied only in exceptional circumstances. A temporary deviation can be considered in the following circumstances:

- Appointment of a new CEO
- Significant corporate transaction
- Changes in legislation, taxation or other regulation
- Considerable change in the Company's strategy

Changes may apply to remuneration elements, key terms applicable to the employment or director contract and incentive plan structures and mechanisms, their timelines, metrics and opportunities, as seen imperative in ensuring the development of the long-term value of Biohit.

Any deviation shall be carefully considered by the Board and transparently communicated to the shareholders no later than at next remuneration report and Annual General Meeting