Sievi Capital plc’s Remuneration Policy
Policy approved by Sievi Capital’s AGM on 4 May 2023

Sievi Capital plc’s (hereinafter “Sievi Capital” or “the company”) Remuneration Policy is the Company’s Remuneration Policy within the meaning of the legislation and the Finnish Corporate Governance Code. The Remuneration Policy defines the principles for the remuneration of Sievi Capital’s Board of Directors, CEO and deputy CEO (if any). The principles applicable to the CEO also apply, to the applicable extent and if necessary, to any deputy CEO. However, when deciding on the remuneration of the deputy CEO, the Board of Directors is not tied to the level and structure of the CEO’s remuneration.

1. Introduction

The purpose of Sievi Capital’s Remuneration Policy is to contribute to the company’s business strategy and promote the company’s long-term financial success. The key principles of the Remuneration Policy are that remuneration must be fair and competitive, enhance commitment and support the company’s goals. Remuneration should also support the convergence of interests of the shareholders and the governing bodies.

Remuneration of Sievi Capital’s governing bodies is based on the same principles as remuneration of all personnel. Remuneration of the CEO is mainly subject to the principles and practices applicable to other personnel. Due to the position of the CEO, the structure of the CEO’s remuneration may differ in some respects from that of other personnel.

2. Description of the decision-making process

The Remuneration Policy is prepared by Sievi Capital’s Board of Directors for presentation to the Annual General Meeting. The Annual General Meeting makes an advisory decision on whether it supports the proposed Remuneration Policy. If the majority of the Annual General Meeting does not support the proposed Remuneration Policy, the revised Remuneration Policy will be submitted to the next Annual General Meeting at the latest. In this case, the decision on the remuneration of the Board of Directors and the CEO will based on the Remuneration Policy presented to the Annual General Meeting until the revised Remuneration Policy has been discussed at the Annual General Meeting.

Sievi Capital’s Board of Directors annually monitors the implementation of the Remuneration Policy and assesses the need for changing it. The Board of Directors submits the Remuneration Policy to the Annual General Meeting if necessary, at least every four years. In addition, the Board of Directors presents an annual remuneration report to the Annual General Meeting, which enables shareholders to assess the implementation of the Remuneration Policy in the company.

Sievi Capital may make non-material changes to the Remuneration Policy without presenting the amended Policy to the Annual General Meeting. Such permitted non-material changes include, for instance, technical changes to the remuneration decision-making process or to the remuneration terminology. A legislative change may also justify non-material changes to the Remuneration Policy.

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Sievi Capital's Annual General Meeting decides annually on the remuneration of the members of the Board of Directors. The company's Board of Directors decides on the remuneration of the CEO in accordance with the Remuneration Policy.

3. Description of the Board of Directors' remuneration

Remuneration of the members of the Board of Directors is decided by Sievi Capital's Annual General Meeting. The remuneration proposal to the Annual General Meeting is made by the Shareholders' Nomination Board.

4. Description of the CEO's remuneration

Remuneration components and their relative proportions

Remuneration of the CEO and the key terms of the CEO's employment are decided by Sievi Capital's Board of Directors. The CEO's total remuneration consists of fixed and variable components. The fixed remuneration component includes the fixed monthly salary paid to the CEO in accordance with the CEO's service contract. Possible fringe benefits may be included in the fixed monthly salary. Pension benefits may form part of the total remuneration by decision of the Board of Directors. In exceptional cases, the Board of Directors may also use various non-recurring elements in the remuneration of the CEO.

The variable remuneration component may consist of short-term and long-term incentive schemes. Long-term incentives may consist of both performance-based and commitment-enhancing incentive schemes. A long-term incentive may be a share-based scheme or another similar scheme aimed at aligning the interests of the CEO and the shareholders.

The proportion of fixed and variable remuneration components is assessed according to the business situation of the company at each particular moment. The relative proportions of the remuneration components may vary on the basis of the goals set by the Board of Directors and their achievement.

Criteria for determining any variable remuneration components

The criteria for determining the variable remuneration components are the goals set by the Board of Directors. Goals may be based on financial, business or shareholder value development factors that are critical for implementation of the strategy. In commitment-enhancing incentive schemes, continued employment may be the sole vesting criterion of the scheme. The fulfilment of the award criteria is determined by comparing the target level of the award criterion with the actual level.

In share-based incentive schemes, the combined duration of vesting and commitment periods is generally several years. Share-based incentive schemes may include transfer restrictions, recommendations or contractual obligations to hold a certain number of shares for a certain period of time.

Other key terms and conditions applicable to employment

The terms and conditions applicable to the CEO's employment are agreed in the CEO's service contract approved by the Board of Directors. The duration of the employment, the period of notice, potential severance payment and any other terms and conditions concerning the termination of employment are agreed in the CEO's service contract in accordance with the normal market practice at the time of the conclusion of the contract.

Terms and conditions for the postponement and possible recovery of remuneration

Sievi Capital’s Board of Directors may decide to postpone or recover the CEO’s remuneration based on incentive schemes if the CEO’s employment with Sievi Capital has ended before the end of the vesting period or a pre-agreed period thereafter. In addition, remuneration earned under the company’s incentive schemes may be subject to other terms and conditions, such as commitment periods or transfer restrictions, which influence the potential postponement or recovery of remuneration.

The company’s Board of Directors has the right to cut remuneration under incentive schemes or postpone the payment of remuneration to a time better suited for the company if changes in circumstances beyond the company’s control led to an adverse or unreasonable outcome for the company in case the scheme was applied.

The company’s Board of Directors has the right to cancel all or part of the remuneration under the incentive scheme if the company’s financial statements need to be amended and this has an impact on the amount of remuneration, if the performance targets related to the incentive scheme have been manipulated or if law or other company guidelines have been breached or there has been other unethical behaviour.

5. Conditions for temporary deviation

Sievi Capital may, by decision of the Board of Directors, temporarily deviate from the Remuneration Policy presented to the Annual General Meeting if such deviation is necessary to secure the long-term interests of the company and the current Remuneration Policy would no longer be appropriate in the changed circumstances. In assessing the long-term interest of the company, factors to be taken into account may include, among other things, of the company’s long-term financial success, competitiveness and shareholder value development. Such situations may arise, for instance, when the CEO or the deputy CEO changes or as a result of material changes in the company’s structure, organisation, ownership and business (such as a corporate acquisition, a merger or a demerger). The Remuneration Policy may also be deviated from due to changes in regulations, such as taxation.

In exceptional circumstances, the aim is to ensure that the Board of Directors has sufficient means to remunerate the CEO. Consequently, the Board of Directors may make a decision deviating from the Policy in any area, excluding the decision-making principles. The deviations and their grounds will be reported in the next annual remuneration report and presented as part of the report to the next Annual General Meeting. If the deviation from the Remuneration Policy is expected to continue other than on a temporary basis, the company will prepare a new Remuneration Policy, which will be discussed at the next possible Annual General Meeting.