

LOIHDE PLC – REMUNERATION POLICY

1. INTRODUCTION

The remuneration policy of Loihde Plc (“Loihde”) presents the principles and decision-making processes for the remuneration of the Board of Directors and the CEO, as well as the possible deputy of the CEO.

It is the objective of the Remuneration Policy to promote Loihde’s business strategy, long-term growth and profitability, and sustainable growth of shareholder value. Remuneration at Loihde is based on the following principles:

Remuneration:

- encourages the recipients to achieve Loihde’s strategic goals,
- is competitive and promotes the recruitment, commitment and motivation of employees,
- reinforces a corporate culture that supports the targets and
- is fair and responsible.

The remuneration policy is formulated in accordance with the Finnish Corporate Governance Code 2025 for listed companies, which entered into force on 1 January 2025. This remuneration policy is valid until Loihde’s Annual General Meeting in 2029, unless the Board of Directors presents a new remuneration policy to the General Meeting before that. This remuneration policy for governing bodies has been discussed at Loihde’s Annual General Meeting on 8 May 2025 and will be available [on the company’s website](#) for as long as it is valid.

2. DESCRIPTION OF THE DECISION-MAKING PROCESS

The Personnel Committee of Loihde’s Board of Directors prepares the remuneration policy for the Board of Directors, who then presents it to the Annual General Meeting every four years or when significant changes have been made.

The General Meeting makes an advisory decision on whether it supports the proposed remuneration policy or not. Shareholders cannot propose adjustments to the remuneration policy during the General Meeting. The Board of Directors assesses the need for changes to the remuneration policy based on the stance taken by the General Meeting. If the General Meeting does not support the remuneration policy proposed by the Board of Directors, a revised remuneration policy will be presented at the following Annual General Meeting at the latest.

The Personnel Committee of the Board of Directors monitors and supervises the functionality of the remuneration policy, the competitiveness of the remuneration and how well the remuneration policy promotes the long-term targets of the company and the Group.

The Shareholders' Nomination Board is the governing body of the company's shareholders or their representatives, the duty of which it is to annually prepare the proposals regarding the election and remuneration of the members of the Board of Directors for the Annual General Meeting, and for the Extraordinary General Meeting when required. It is the main duty of the Nomination Board to ensure that the Board of Directors and its members have sufficient expertise, know-how and experience that correspond to the company's needs and to prepare well-founded proposals on the matter to the General Meeting.

The General Meeting annually decides on the remuneration of the Board of Directors based on the proposal made by the Shareholders' Nomination Board. The Board of Directors decides on the remuneration of the CEO and the potential deputy of the CEO and on central terms of the employment relationship. The decisions are made in accordance with the remuneration policy that has been presented to the General Meeting and is valid.

The General Meeting or the Board of Directors by authorisation of the General Meeting, decides on the issuance of shares or other special rights that entitle their holder to shares as part of the incentive scheme or other remuneration of the company's management or other personnel. If the need arises, the company's Board of Directors may propose that the General Meeting gives the Board authorisation for share-based incentive schemes. The authorisation proposal may be given for issuing existing shares as well as new shares.

In order to prevent conflicts of interest, the company's CEO and the possible deputy of the CEO do not participate in the deliberations or the decision-making concerning their remuneration.

A remuneration report on the realisation of remuneration is presented to the General Meeting annually.

3. DESCRIPTION OF THE REMUNERATION OF THE BOARD OF DIRECTORS

The Annual General Meeting decides on the remuneration of the Board of Directors and its committees based on the proposal made by the Shareholders' Nomination Board.

The fixed annual fee of the members of the Board of Directors varies depending on their position in the Board and in committees. Travel expenses are reimbursed in accordance with the decision of the General Meeting. The annual fees of the Board of Directors can be paid in cash, in shares or as a combination of these.

The General Meeting decides on the issuance of shares or other special rights that entitle their holder to shares as part of the remuneration of the Board of Directors. The company has had a share-based incentive scheme for the Board of Directors, under which Board members have been able to subscribe for company shares at an amount corresponding to half of their annual fee at a maximum and earn commitment shares. The final vesting period of the scheme will be 2023 to 2025, after which the Annual General Meeting may decide on the payment of commitment shares to the Board members that have participated in the scheme.

4. DESCRIPTION OF THE REMUNERATION OF THE CEO

The Board of Directors decides on the remuneration of Loihde's CEO and on the terms of the CEO's contract within the limits of the remuneration policy that has been presented to

the General Meeting and is valid. In principle, the total remuneration of the CEO must be in the interest of the company and its shareholders. The total remuneration must be competitive compared to other companies in order to attract and retain skilled professionals.

a. Components of remuneration and their relative proportions

The remuneration of the CEO consists of a fixed monthly salary with fringe benefits, potential employee benefits, potential life insurance and potential performance-based short-term and long-term incentive schemes. The short-term incentive may partly be paid as a pension insurance contribution instead of a cash bonus. Bonuses paid based on the long-term incentive scheme may in addition to cash also be paid entirely or partly in shares or other share-based rights or other securities. The remuneration of the CEO may also include severance pay.

The relative proportions of the fixed and variable remuneration of the CEO may vary according to the current business situation, the targets set by the Board of Directors and the achievement of said targets.

b. Basis for determination of potential variable remuneration

1) Short-term Incentive (STI)

The CEO may be paid an annually determined performance bonus that is based on the achievement of the company's financial or other targets. The Board of Directors decides on the implementation, content and targets of the short-term remuneration model.

2) Long-term Incentive (LTI)

The long-term performance bonus is a bonus paid for the achievement of targets set for a vesting period of between two and five years and is based on the achievement of the company's long-term financial or other targets.

The aim of the bonus is to encourage the CEO to increase the company's shareholder value in the long term and to commit the CEO to the company. The long-term incentive scheme may be either cash-based or share-based. The Board of Directors decides on the implementation, content and targets of the long-term remuneration model.

3) Long-term Restricted Share Plan (RSP)

The Board of Directors may decide on the implementation, content and targets of a Restricted Share Plan (RSP). The terms of the RSP may include, for example, the continued employment of the CEO.

c. Other key terms applicable to the employment relationship

The company's Board of Directors decides on the other terms and conditions of the CEO's employment relationship. The potential fixed-term nature of the CEO's employment relationship, the term of notice for non-fixed-term contracts and the amount of severance pay has been agreed on in writing in the CEO contract, and conventional terms and conditions of CEO contracts apply to the principles and amounts of these. **Terms related to the postponement and potential claim for recovery of remuneration**

If the remuneration of the CEO includes a share-based incentive scheme, the vesting and commitment periods related to the share-based remuneration, potential restrictions on transfer and other terms related to the shares or share bonus are described in the terms of the scheme.

5. CONDITIONS CONCERNING TEMPORARY DEROGATION

The company may temporarily deviate from the remuneration policy if the deviation is necessary to ensure the company's long-term benefit and the valid remuneration policy would not be appropriate in the changed circumstances. The company can deviate from the valid remuneration policy in exceptional circumstances, where the central operational preconditions of the company have changed after the General Meeting's resolution on the remuneration policy. Such situations include, among others, a change of the Board of Directors or the CEO, corporate transactions such as a merger, takeover bid or acquisition, and changes in taxation, legal praxis or other regulations. The derogation may apply to all components of the remuneration. The company's Board of Directors assesses the need to deviate from the remuneration policy and decides on the derogation.

If the derogation from the remuneration policy is estimated to continue other than temporarily, the company must prepare a new remuneration policy to be discussed at the next possible Annual General Meeting. Temporary derogations must be accounted for in the remuneration report.

6. AVAILABILITY OF THE REMUNERATION POLICY

The valid remuneration policy of Loihde is available to the public on the company's website.

If the General Meeting has voted on the remuneration policy, information on the date and result of the vote are presented together with the policy on the website.