REMUNERATION POLICY

ASPO

Aspo Plc's remuneration policy

This remuneration policy defines the principles of remuneration of the members of Aspo Plc's Board of Directors and Aspo Plc's CEO.

This remuneration policy will be presented at Aspo Plc's Annual Shareholders' Meeting, and the Annual Shareholders' Meeting will decide whether to confirm the proposed remuneration policy. The decision made at the Annual Shareholders' Meeting will be advisory. This remuneration policy must be complied with until the Annual Shareholders' Meeting to be held in 2027, unless a new remuneration policy is presented at a prior Annual Shareholders' Meeting.

This remuneration policy has been prepared in accordance with directive (EU 2017/828) amending the directive on the encouragement of long-term shareholder engagement, primarily implemented in Finland in the Limited Liability Companies Act (624/2006, as amended), the Securities Markets Act (746/2012, as amended), decree 608/2019 of the Ministry of Finance, and Finnish Corporate Governance Code 2020 for listed companies.

INTRODUCTION

The main purpose of the remuneration policy for Aspo Plc's bodies is to support the fulfillment of the company's business strategy. The particular objective of the remuneration policy is to secure recruitment opportunities for the personnel required for achieving the company's strategic goals and to make these individuals committed to working for the company. The purpose of remuneration is also to support Aspo Plc's financial success in the short- and long term, and to be in line with the interests of Aspo's shareholders.

The division of Aspo Plc's remuneration policy between short- and long-term remuneration supports the company's business strategy and long-term financial success in accordance with the goals set.

The terms and conditions of the remuneration and employment relationships of the company's employees are addressed in deciding on the structure and level of remuneration. Initially, remuneration paid to the CEO are based on the same remuneration principles and practices that apply to remuneration paid to employees. However, benefits other than those provided for other employees can be offered to the CEO, considering the special position of the CEO. In particular, performance-based components play a more significant part compared to other personnel.

DESCRIPTION OF THE DECISION-MAKING PROCESS

Aspo Plc's Board of Directors prepares Aspo Plc's remuneration policy. The Nomination Board of Aspo Plc's shareholders prepares the remuneration policy regarding remuneration paid to members of the Board of Directors. Aspo Plc's Board of Directors presents the remuneration policy at Aspo Plc's Annual Shareholders' Meeting.

The shareholders' Nomination Board appointed by Aspo Plc's Annual Shareholders' Meeting prepares proposals for the Annual Shareholders' Meeting regarding remuneration and other financial benefits provided for members of Aspo Plc's Board of Directors and its committees.[1] This prevents any conflicts of interest regarding remuneration paid to members of the Board of Directors. Aspo Plc's Annual Shareholders' Meeting decides on the remuneration and other financial benefits provided for members of the Board of Directors and its commitees.

Aspo Plc's Remuneration Committee prepares matters related to remuneration paid to the CEO for the Board of Directors. Aspo Plc's Board of Directors decides on the CEO's salary and other financial benefits, as well as the principles of performance- and share-based remuneration plans concerning the CEO. In share-based remuneration plans, the provision of shares, options or any specific rights entitling the recipient to these is based on a decision issued at the Annual Shareholders' Meeting or by the Board of Directors as authorized by the Annual Shareholders' Meeting. The company's CEO cannot participate in the handling of matters concerning remuneration paid to the CEO or in related decision-making processes.

Aspo Plc's Board of Directors assesses the remuneration policy and any needs to update it, its use and its implementation regarding remuneration paid to the CEO. Aspo Plc's Nomination Board assesses the remuneration policy and any needs to update it, its use and its implementation regarding remuneration paid to members of the Board of Directors.

The remuneration policy must be presented to the Annual Shareholders' Meeting, at least every four years and whenever significant changes are made to it. Permitted changes other than significant ones include technical changes in the decision-making process regarding remuneration or in the terminology related to remuneration. Furthermore, a legal amendment may provide sufficient grounds to make changes other than significant ones to the remuneration policy.

1 The shareholders' Nomination Board principally consists of members appointed by the company's four largest shareholders. In addition, the Chair of the company's Board of Directors acts as an expert advisor of the Nomination Board. According to the Limited Liability Companies Act, the Chair cannot participate in the handling of matters concerning the Chairperson.

DESCRIPTION OF REMUNERATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS

Aspo Plc's Annual Shareholders' Meeting decides on the remuneration paid to members of Aspo Plc's Board of Directors and its committees. Aspo Plc's shareholders' Nomination Board prepares a proposal for remuneration paid to members of the Board of Directors and its committees for the Annual Shareholders' Meeting.

The remuneration of the Board of Directors of Aspo Plc is paid either in cash or in cash and shares in accordance with the decision of the Annual Shareholders' Meeting. In addition, the remuneration may include separate fixed fees paid for additional responsibilities and fees for meetings. Furthermore, the members of the Board of Directors are refunded the travel expenses and other expenses incurred due to their membership.

DESCRIPTION OF REMUNERATION PAID TO THE CEO

Remuneration paid to Aspo Plc's CEO can consist of a fixed salary, a short- and long-term variable remuneration, pension benefits and other benefits.

A fixed remuneration consists of the basic monthly salary, which includes any car and housing benefits. In addition, the remuneration can consist of other personnel benefits in accordance with the company's valid practices (e.g., telephone, lunch and sports benefits, as well as accident and health insurance).

Remuneration paid to the CEO can also include a variable component. The company's Board of Directors decides on the structure of the variable component, as well as its criteria and weights. The criteria for the variable component support the fulfilment of the company's strategy, and it can include indicators based on the company's financial targets, the development of the shareholder value, and sustainability.

The purpose of the variable component is to encourage the CEO to lead the company so that it can achieve its important strategic goals in the short term (short-term remuneration plan) and in the long term (long-term remuneration plan). Aspo Plc's Board of Directors decides on the impact of any secondary position of the CEO on the remuneration paid to the CEO.

The annual amount of the maximum short-term remuneration cannot exceed 200 percent of the CEO's fixed annual salary.

The annual maximum amount of remuneration paid under the long-term remuneration plan is limited to 300% of fixed annual salary at the beginning of the plan.

Component	Purpose and link to Aspo Plc's strategy	Procedure and maximum amount
Fixed salary and fringe benefits	Attracting and committing competent individuals to the company's management and providing competitive benefits for supporting the recruitment and commitment.	No predetermined maximum amount is set for a fixed salary or annual increases. Initially, the salary level can be adjusted when necessary. In making a decision on any changes to a person's salary, the performance of the company and the person, areas of responsibility, general increases in employees' salaries, policies in peer companies and any changes in market practices must be considered. Fringe benefits can be provided in accordance with the company's policies and practices. The CEO's fringe benefits regularly include for example telephone, lunch and sports benefits, as well as accident and health insurance.
Short-term remuneration plan	Monitoring the fulfillment of short-term goals and remuneration to advance the company's long-term strategy.	The amount of the annual short-term bonus paid to the CEO cannot exceed 200 percent of the fixed annual salary. The criteria used in the bonus plan include annual requirements and opportunities for development within the individual area of responsibility, and they are monitored using qualitative and quantitative indicators. Criteria can include indicators related to sustainability and/or financial targets, such as operating profit, cash flow, return on equity, EPS, and environmental indicators. Qualitative criteria can include indicators related to the company's strategy. The fulfillment of the short-term bonus plan criteria is monitored annually. Aspo Plc's Board of Directors annually approves the bonus plan's criteria, weights and any bonuses paid based on these. Bonuses determined annually are usually paid after the completion of annual financial statements.

Component	Purpose and link to Aspo Plc's strategy	Procedure and maximum amount
Long-term remuneration plans	Advancing the company's business strategy and long-term financial success. The aim is to combine the objectives of shareholders and the CEO to increase the value of the company in the long term, to retain the CEO at the company, and to offer competitive remuneration plans based on earning and accumulating the company's shares.	Long-term remunerations paid to the CEO are based on the company's share-based incentive plans that are decided on by the company's Board of Directors. The annual maximum amount of remuneration paid under the long-term remuneration plan is limited to 300% of fixed annual salary at the beginning of the plan. As a rule, the total timespan of the long-term incentive plans is at least three years. If a plan's earnings period is shorter than three years, a postponement or commitment period or a share-based holding obligation and sales restriction will be added to the plan so that the plan's total timespan is at least three years. Incentive plans are performance-based or conditional share-based incentive plans or other plans deemed best by the Board of Directors. The duration of the earnings period may vary, typically being 1–3 years. The company's Board of Directors defines earning criteria for each share-based incentive plan, their measurement periods and the required performance levels for each criterion at the beginning of each earning period. The earning criteria and the performance levels set for them will be defined so that they provide remuneration for the fulfilment of key goals in the company's strategy. The criteria for determining long-term remunerations are related to the company's financial and productive performance or non-financial key figures. Therefore, earning criteria for long-term remunerations can include EPS, EBIT, net sales or return on equity. The criteria can also include non-financial key figures, such as the fulfilment of the strategy, the development of business activities or the shareholder value, and goals related to customer or job satisfaction or corporate responsibility. The Board of Directors assesses the fulfilment of goals after the end of each earnings period and then approves the remuneration that may be payable. Any bonus related to a long-term incentive plan is usually paid in shares. However, part of the remuneration may be paid in cash for covering taxes and tax-like levies. In exceptional situations, the remuneration can also be paid entirely in cash when so decided by the Board of Directors. The terms and conditions of the share-based remuneration plan determine the maximum amounts of the share-based remuneration and any restrictions on the holding and sale of shares (restriction period) that will enter into force from the receipt of the shares and are typically effective for two years. Therefore, the share-based incentive plans may include transfer restrictions or recommendations for holding a certain number of shares during a certain period. When a new CEO is appointed, a one-off fee may be paid in addition to the usual annual remuneration as compensation for any remuneration that may be lost as a result of changing the employer.

Component	Purpose and link to Aspo Plc's strategy	Procedure and maximum amount
Supplementary pension	Provision of competitive pension benefits	In addition to the statutory pension, the CEO can have access to a payment-based pension insurance plan. Initially, the pension is determined on the basis of insurance savings accumulated by the time of retirement. If the CEO's contract of service with the company ends prior to the contractual retirement age, the CEO will be entitled to a paid-up policy, i.e., a fee-exempted insurance policy corresponding to the insurance savings accumulated up to the end of service.
Restricted Share Plan	Typically, the Restricted Share Plan does not have any performance targets, because the shares are granted, for example, as compensation for loss of benefits from the previous employer. In special cases, the Board of Directors may deviate from the aforementioned and also set appropriate personal performance indicators and targets. No remuneration will be paid if the contract of service with the company ends or is terminated, an agreement of ending the contract of service is signed, or a notice of terminating the contract of service is given. Continued employment is an absolute prerequisite for payments from the Restricted Share Plan.	In certain exceptional situations, the Board of Directors may grant the CEO shares carrying a performance target, transfer restrictions and other criteria from the Restricted Share Plan. The Board of Directors will consider the criteria for granting the shares and set the maximum number of shares, on a case by case basis and considering the circumstances, at an appropriate level that does not exceed the level required for recruiting a suitable candidate.

Other key terms and conditions applied to contracts of service

Aspo Plc's Board of Directors decides on the period of notice and severance pay applied to the CEO's service relationship. The CEO's period of notice and severance pay are defined in a written CEO agreement, and regular periods of notice defined for CEOs apply to their principles and amounts. The CEO agreement includes a no-compete clause applied to the CEO.

Remunerations in accordance with the long-term remuneration plan are not usually paid if the company or the CEO ends the service relationship before the payment of the specific remuneration. Furthermore, any shares received as remuneration must be returned gratuitously to the company if the service relationship ends before the end of the restriction period. In both situations, the Board of Directors may also decide otherwise.

No separate remuneration is paid to the CEO for acting as a Chair in the Boards of Directors of Aspo Plc's subsidiaries.

Terms and conditions applied to the restriction, postponement and collection of remuneration

In irregular situations, Aspo Plc's Board of Directors has the right to reduce the remuneration paid under the short- and long-term remuneration plans or to postpone their payment to a better date for the company in situations where, for example, changes in conditions independent of the company or other conditions would lead to a detrimental or unreasonable outcome for the company or an individual. Reductions are permitted to protect the interests of the company. Reductions are prepared by the Human Recourses and Remuneration Committee and decided on by Aspo Plc's Board of Directors.

In addition, Aspo Plc's Board of Directors has the right, for a specifically weighty reason, to reduce, cancel or collect remuneration paid under the long-term remuneration plan in full or in part if Aspo Group's financial statements information needs to be changed and this has an impact on the amount of remuneration, if the plan's goals have been manipulated or if activities are contrary to the company's business interests, the Criminal Code, legislation on service relationships or the company's Code of Conduct, or are otherwise unethical.

DEVIATIONS FROM THE REMUNERATION POLICY

Aspo Plc's Board of Directors may temporarily deviate from any part of the remuneration policy in the situations presented below to protect the company's long-term interests if the deviation is made for protecting the company's long-term interests and adhering to the remuneration policy is no longer appropriate in the changed circumstances, including (but not limited to) the following:

- when a new CEO is appointed;
- when a deputy CEO is appointed;
- when there are significant changes in the company's Group structure, organization, shareholding and/or business operations (including mergers, demergers, purchase offers and acquisitions);
- when there are significant changes in relevant regulations (including tax regulations); or
- there is another exceptional situation or material change of circumstances.

Temporary deviations must be described in the annual remuneration report.

If Aspo Plc's Board of Directors decides to deviate from the remuneration policy by means other than temporary, Aspo Plc will prepare a new remuneration policy to be discussed at the next possible Annual Shareholders' Meeting.

March 10, 2023
Aspo Plc