

# Remuneration Policy of Orion Corporation

## 1. Introduction

This remuneration policy of Orion Corporation ("Orion") is the remuneration policy for governing bodies referred to in the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act and the Finnish Corporate Governance Code, concerning the remuneration of the members of the Board of Directors and the President and CEO. In accordance with the applicable rules and regulations, the policy is presented to Orion's Annual General Meeting 2020.

Orion presents on its website information on the principles for the remuneration of the members of the Board of Directors and the President and CEO, the remuneration schemes in force, as well as information on the remuneration of the Executive Management Board on a consolidated level.

The objective of the remuneration scheme of the members of the Board of Directors and the President and CEO is to promote the company's competitiveness, long-term financial success and realization of the company's strategy. An additional objective is to contribute to favorable development of shareholder value.

The central principle of the remuneration policy is that the remuneration of the members of the Board of Directors and the President and CEO should promote the achievement of the aforementioned objectives and offer a package that is competitive and the level and structure of which are in line with the market practice.

The objective for all remuneration taking place in the Orion Group is to encourage good performance and motivate the personnel to long-term work to achieve the company's goals. Remuneration is one of means by which the company strives to ensure the availability of skilled and motivated persons for each position on all levels of the organization. These principles also apply to the remuneration of the members of the Board of Directors and the President and CEO. However, the qualities required in the positions of the members of the Board of Directors and the President and CEO as well as the measurement of achievement in these positions materially deviate from most of the other positions in the company. The salary terms and other terms of employment of the employees of the company do not affect this remuneration policy.

The decision-making regarding the remuneration is described separately below with respect to the members of the Board of Directors and the President and CEO. The conflict of interest provisions of the Finnish Limited Liability Companies Act concerning the members of the Board of Directors and the President and CEO are adhered to in the decision-making.

## 2. Approval, Assessment and Execution of the Remuneration Policy

The remuneration policy is prepared in the Remuneration Committee and it is approved by the Board of Directors. The remuneration policy is presented to the Annual General Meeting in accordance with applicable legislation and the Finnish Corporate Governance Code. The Board of Directors assesses the functionality of the policy. The Board of Directors approves any possible changes to the policy and is responsible for the execution of the policy.

## 3. Remuneration of the Board of Directors

The Annual General Meeting resolves on the remuneration of the Board of Directors. The recommendation on the remuneration presented in the notice to the Annual General Meeting is prepared by the company's Nomination Committee.

## 4. Remuneration of the Managing Director

The Board of Directors resolves on the remuneration of the President and CEO. The Remuneration Committee of the Board of Directors is responsible for the preparation of the remuneration.

The remuneration of the President and CEO consists of the monthly salary with fringe benefits, a performance-related annual bonus and a long-term incentive plan, which may also be a share-based incentive scheme. The President and CEO may also have a supplementary pension benefit.

The use of a share-based incentive scheme as part of the President and CEO's remuneration is in principle in the interest of the company and its shareholders because it merges the objectives of the shareholders and the President and CEO to promote the company's strategy and its long-term financial success. In case a share-based incentive scheme is part of the President and CEO's remuneration, its terms and conditions define the earning and restriction periods as well as any possible restrictions on the transfer of the shares and terms on the recovery of any paid remunerations. The starting point for the determination is that the terms are in line with the market practice, save for to the extent the Board of Directors may in certain cases deem it necessary to deviate from the market practice. In principle, restriction periods and restrictions on the transfer of the shares are only used in connection with earning periods of less than three years.

The relative shares of the remuneration may vary based on the objectives set by the Board of Directors and their achievement. The objective is that a notable part of the President and CEO's remuneration consist of variable remuneration components (annual performance-related bonus and long-term incentive scheme).

The objectives confirmed by the Board of Directors form the basis for determining the variable components of the remuneration. The objectives will be set so that they support the realization of the company's strategy and both long-term and

short-term financial success. In addition to financial criteria, the objective may also contain other criteria. The Board of Directors assesses and confirms the achievement of the objectives annually, or in case of earning periods longer than one year, at the end of each earning period.

The terms applicable to the President and CEO's service are agreed upon in the President and CEO's service contract approved by the Board of Directors, the key terms of which are reported on the company's website. The basis for determining the terms of the President and CEO's service is that the terms offer the President and CEO a remuneration package the level and structure of which are in line with the market practice.

#### 5. Deviation from and Changes to the Remuneration Policy

Orion may temporarily deviate from the remuneration policy presented to the Annual General Meeting in case the deviation is necessary to ensure the long-term interests of Orion, and the remuneration policy in force would no longer be appropriate under the changed circumstances. Such event include, for example, the change of the Board of Directors or the President and CEO, a material change in the company's strategy, changes in Orion's decision-making process regarding remuneration, a corporate arrangement, such as a merger, takeover bid or acquisition, as well as changes in taxation or other regulation or legal praxis. The deviation may concern all aspects of the remuneration. With respect to the President and CEO, the Board of Directors resolves on the deviation.

Material changes to the remuneration policy are prepared and presented to the Annual General Meeting in accordance with the decision-making process described in Section 2. In addition, Orion may make changes other than material changes to the remuneration policy without presenting the changed policy to the Annual General Meeting. Such allowed other than material changes include for example technical changes to the decision-making process regarding remuneration or to the terminology concerning remuneration. Also a change in legislation may constitute grounds to make changes other than material changes to the remuneration policy of the governing bodies.

The Board of Directors assesses the need for changes to the remuneration policy. The Board of Directors considers depending on the situation to what extent the resolution of the Annual General Meeting on the previous remuneration policy or the statements made during the Annual General Meeting's deliberation of the remuneration reports published after the adoption of the remuneration policy have significance in the preparation of a new remuneration policy.

When making changes to the remuneration policy, the following are reported in the introduction of the remuneration policy:

- material changes as compared to the remuneration policy currently in force
- how the new remuneration policy takes into account the resolution of the Annual General Meeting on the previous remuneration policy, as well as

- statements made during the Annual General Meeting's deliberation of the remuneration reports published after the adoption of the previous remuneration policy.