HARVIA PLC’S REMUNERATION POLICY

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1 INTRODUCTION

The principles and decision-making processes for the remuneration of the Board of Directors, CEO and possible deputy CEO and for the key terms of the service contract are set forth in this Harvia Plc's (the "Company") remuneration policy.

The Company's remuneration principles apply to the entire personnel. Transparency and market-orientation and remuneration based on good performance are key principles in remuneration.

The Company's remuneration policy applies to the Company's Board of Directors, CEO and possible deputy CEO. The objective of the Company's remuneration policy is to encourage and reward management for the work that is in line with the Company's strategy at a given time and for compliance with the set rules, as well as to motivate them to strive for the success of the Company.

Well-functioning and competitive remuneration is an essential tool for engaging competent directors and executives for the Company. This, in turn, contributes to the financial success of the Company and the implementation of good corporate governance. In addition to supporting the Company's long-term profitability and competitiveness, remuneration supports the Company's strategy.

Remuneration in accordance with the remuneration policy consists of the following components:

- Basic salary and other benefits are in compliance with the local market practice, laws and regulations.
- The purpose of the short-term incentive scheme is to guide the performance of an individual and the organisation as well as to support rapid implementation of strategic projects.
- Long-term remuneration scheme is intended for committing the CEO and other key persons to the Company and harmonising their interests with those of shareholders.

Material changes to the remuneration policy

The Company's remuneration policy for 2024 was not approved at the Annual General Meeting on 26 April 2024, as the policy was supported by a minority of the votes cast. The decision of the General Meeting was advisory.

Since the Annual General Meeting, the Company has endeavoured to take into account all the feedback received in order to develop the 2025 remuneration policy. The remuneration policy for 2025 is presented to the Annual General Meeting of the Company in 2025.

The main changes compared to the 2024 remuneration policy are as follows:

- The expected regular level and maximum earning potential of the short-term incentive scheme as a percentage of fixed salary is included in the remuneration policy

- The expected target level and maximum earning potential of the long-term incentive scheme as a percentage of fixed salary is included in the remuneration policy
- The performance periods of the long-term incentive scheme are defined as minimum three financial years.
- The criteria for the long- and short-term incentive schemes have been further specified and it has been indicated that the majority of the remuneration criteria is to be based on financial indicators.

Additionally, certain other minor specifications, updates and additions have been made to the policy.

2 DECISION-MAKING PROCESS

The Company's remuneration principles and policies are addressed by the Company's Board of Directors, assisted by the Board's Personnel and Remuneration Committee. The Company has a Shareholders' Nomination Board to prepare matters pertaining to the appointment and remuneration of the Board of Directors.

The Personnel and Remuneration Committee assists the Board of Directors in monitoring and supervising the functionality of the remuneration policy, the competitiveness of remuneration and how the remuneration policy promotes the Company's and Group's long-term objectives. The Board of Directors proposes amendments to the remuneration policy to the General Meeting on the recommendation of the Personnel and Remuneration Committee, if necessary.

The remuneration policy must be presented to the General Meeting at least every four years and whenever material changes have been made to it. When amending the remuneration policy, the Board of Directors shall present the material changes to the Company's General Meeting. Additionally, the Board of Directors shall state how the new policy takes into account the General Meeting's resolution on the previous policy and the statements presented at the General Meetings when discussing the remuneration reports disclosed since the adoption of the previous remuneration policy.

The General Meeting will resolve whether it supports the presented policy. The resolution of the General Meeting is advisory.

If a majority of the General Meeting of a listed Company opposes the presented remuneration policy, an amended policy and a statement of how the new policy takes into account the General Meeting's resolution on the previous policy must be presented no later than in the next Annual General Meeting.

The preparation of the proposal relating to the remuneration of the Board of Directors is assigned to the Shareholder's Nomination Board. Ultimately, the General Meeting decides on the remuneration of the Board of Directors based on the proposal of the Shareholder's Nomination Board.

The Board of Directors decides on the remuneration of the CEO and possible deputy CEO on the recommendation of the Personnel and Remuneration Committee as well as on the key terms and conditions of their service. The decisions must be made within the limits of the remuneration policy presented to the General Meeting.

Decisions concerning the distribution of the Company's shares, options, or other special rights entitling to shares shall be made in the General Meeting or by the Company's Board of Directors pursuant to an authorisation from the General Meeting. When shares, options, or other special rights entitling to shares are issued to members of the governing bodies as part of their remuneration, this must take place within the limits of the remuneration policy.

3 DESCRIPTION OF THE REMUNERATION OF THE BOARD OF DIRECTORS

Decisions concerning the remuneration of the Board of Directors are made in General Meetings for a single term of office at a time based on a proposal of the Shareholders' Nomination Board.

Decision on the remuneration of the Board of Directors shall be based on the valid remuneration policy presented to the General Meeting.

The remuneration of the Board of Directors may consist of one or more components, such as an annual or a monthly fee, any Board committee meeting fees, and compensation for travelling expenses and/or other costs directly incurred by the board work.

The Board and any committee meeting fees can be paid partially or entirely in the Company's shares, in accordance with a resolution of the General Meeting. If a fee is paid in shares in the Company, the General Meeting can decide on any restrictions or recommendations concerning the transfer of shares.

The members of the Company's Board of Directors are not eligible for short- or long-term incentive schemes.

4 DESCRIPTION OF THE REMUNERATION OF THE CEO

Decisions concerning the remuneration of the Company's CEO and the terms applicable to the service contract of the CEO are made by the Company's Board of Directors within the limits of the valid remuneration policy presented to the General Meeting.

4.1 Remuneration components and proportional shares of overall remuneration

The remuneration of the CEO consists of a monthly salary and other taxable benefits provided in compliance with the local market practice, which may include, for example, car and telephone benefits, and performance-based incentive systems. The remuneration of the CEO may also include supplementary pension arrangement and severance payment.

The CEO's performance-based incentive systems consist of an annual short-term incentive scheme and long-term share incentive scheme.

The CEO's basic salary shall be aligned with the interest of the Company and its shareholders. The basic salary shall be competitive in order to be able to induce and engage talented professionals to the Company's service.

4.2 Grounds for determining the variable remuneration

The target levels and maximum levels of the variable remuneration's measures are based on the long-term strategic objectives defined by the Board of Directors. The measures are regularly followed. The fulfilment of the criteria supports the Company's long-term financial success.

Short-term incentive scheme

The CEO can be paid an annually determined performance reward based on the short-term incentive scheme. The CEO's performance criteria and objectives are set by the Company's Board of Directors annually to reflect business priorities and may include a balance of financial, strategic and non-financial measures. The performance period for the CEO's short-term incentive scheme is one year. The purpose of the short-term incentive scheme is to support the achievement of the Company's short-term financial and strategic objectives.

The payment is based on achieving the criteria predefined annually by the Board of Directors. If the criteria are met, the CEO may be entitled to a reward with maximum vesting of 70% of the fixed annual salary.

The criteria defined by the Board of Directors for the CEO can vary from year to year to reflect business priorities and may take into account, for instance, the Company's turnover, operating profit, the stability of customers, efficiency of operations, sustainability, CEO's personal targets, employee satisfaction, the progress of product development and product-group specific growth. In any given year, the majority of the criteria will be based on financial indicators.

Long-term incentive scheme

The purpose of the long-term incentive scheme is to support the implementation of the Company's strategy, align the objectives of the CEO and the Company's shareholders to increase the value of the Company and improve the performance of the Company and commit the CEO to the Company.

The CEO may be eligible for a share or stock option incentive scheme as decided by the Company. For potential options grants, the exercise price will be based on the market value of shares at the date of grant.

The long-term incentive scheme consists of performance periods of minimum three financial years. The Board of Directors will decide separately for each performance period performance criteria, related targets and weightings, as well as the minimum, target, and maximum reward potentially payable based on target attainment. Maximum reward levels are at target 70% of the fixed annual salary with upper range of vesting at 140% of the fixed annual salary, calculated based on the market value of shares at the date of grant.

The amount of the reward paid to the CEO depends on achieving the predefined targets. No reward will be paid if the targets are not met or if the service ends before reward payment. Notwithstanding the above, the Board of Directors may decide that the CEO may retain all or part of the rewards. Short- and long-term incentive schemes may include specific conditions for the payment of rewards on termination of employment, for example in the event of permanent disability, death, retirement or, for example, a company reorganisation.

If the targets of the incentive scheme are reached, the rewards will be paid during the spring following the end of the given performance period. The possible reward may be paid in the form of shares or in cash following the given performance period.

The criteria defined by the Board of Directors can vary from year to year to reflect business priorities and include elements concerning Harvia's growth, profitability and sustainability to support the Company's long-term business strategy and financial success. The criteria may take into account, for instance, the total shareholder return (TSR), growing net sales and EBIT, and the reduction of CO_2 emissions or another ESG metric. Rewards on revenue growth are subject to achieving minimum EBIT margins in the performance periods. In any given year, the majority of the criteria will be based on financial indicators.

4.3 Other key terms applicable to the service

Pension arrangement

Employees Pensions Act (in Finnish: Työntekijän eläkelaki (TyEL)) offers pension security based on the term of service and earnings, as provided in law. The CEO's retirement age will be determined on the basis of the Employees Pensions Act.

In addition to the statutory pension, the Company may agree on supplementary pension arrangements with the CEO. The Board of Directors of the Company shall decide on the payments of the supplementary pension arrangements in accordance with the market practices. Currently, no supplementary pension arrangements have been agreed with the CEO.

Terms of notice

Period of notice applicable to the CEO can be agreed in the service contract. The period of notice shall be determined when the agreement is concluded and in accordance with the local market practice. Currently, the mutual period of notice of the CEO's service contract is six months at most.

In addition to the salary from the period of notice, the CEO may be paid a severance payment which is determined in accordance with the local market practice when concluding the agreement. If the Company terminates the service contract, the current CEO is entitled to a severance payment corresponding to six months' salary. The Board of Directors has the right to demand that the severance payment can be revoked if the person has been found guilty to a significant violation or has acted in a way that is harmful for the Company or against the interests of the Company.

Insurances

The CEO may possess a life insurance, a permanent disability insurance, a private accident insurance, a business travel insurance and a director's liability insurance provided by Harvia.

4.4 Terms for deferral and possible clawback of remuneration

The Board of Directors may determine that the variable remuneration shall not be paid entirely or partially in the case that the Company's financial position has declined in a manner which according to the evaluation of the Board of Directors makes the payment of the variable remuneration unreasonable when taking into account the situation of the Company. Additionally, the rewards related to the variable remuneration can be clawed back in exceptional circumstances, for example in the case of misconduct or the manipulation of financial results.

5 REQUIREMENTS FOR TEMPORARY DEVIATION

A temporary deviation from the remuneration policy is allowed if this is necessary to ensure the Company's long-term interests, taking into account the Company's long-term success, competitiveness and shareholder value development.

A temporary deviation from the valid remuneration policy is only allowed in exceptional circumstances in which the Company's key operating preconditions have changed after the General Meeting discussed the remuneration policy, for example, due to a change of CEO or a corporate arrangement such as a merger or takeover bid, and the valid remuneration policy would no longer be appropriate in these changed circumstances.

If deviating from the remuneration policy is assessed to continue to the point that it cannot be deemed temporary, the Company must prepare a new remuneration policy to be discussed at the next possible Annual General Meeting.

The Board of Directors of the Company shall evaluate the needs for deviating from the remuneration policy and shall make a decision on the deviation. A temporary deviation must be reported in the annual remuneration report.

6 AVAILABILITY OF THE REMUNERATION POLICY

The Company shall make the valid remuneration policy available to the public on its website.