OLVI PLC RENUMERATION POLICY

2019

Olvi plc's Remuneration Policy 2020 to 2023

1 Introduction to Olvi plc's Remuneration Policy

The Remuneration Policy will be presented to the Annual General Meeting on 8 April 2020. The shareholders shall make an advisory decision regarding the Remuneration Policy. The shareholders cannot propose changes to the remuneration policy presented to the General Meeting.

This Remuneration Policy describes the remuneration of Olvi plc's governing bodies prescribed by the Limited Liability Companies Act, that is, the Board of Directors and the Managing Director, and the decision-making process applicable to approving, assessing and implementing the Remuneration Policy.

This Remuneration Policy has been prepared in accordance with EU legislation pertaining to the rights of shareholders as well as the Finnish Corporate Governance Code for Listed Companies (2020).

The objective of the Remuneration Policy is to promote the achievement of operations and targets in accordance with Olvi plc's purpose, strategy and values through maintaining and developing competitive, fair and motivating systems and compensations that reward good performance. Olvi plc has created remuneration procedures that encourage the promotion of the company's success and shareholder value in the long term. The definition and adjustment of remuneration to the Managing Director is also based on these starting points.

Olvi plc's goal is to strengthen its profitable growth and market position, as well as to engage in innovative, demand-driven product development in chosen markets – within alcoholic and non-alcoholic products. Another important strategic goal is to exploit new growth opportunities in existing and new markets.

2 Decision-making process on remuneration

The Remuneration Policy is prepared by the *Remuneration Committee* and approved by the *Board of Directors*, after which it will be presented to the General Meeting of Shareholders. The *General Meeting* shall give an advisory resolution on the Remuneration Policy. The Remuneration Policy shall be presented to the General Meeting at least every four years and whenever substantial changes have been made to it.

The *Annual General Meeting* of Olvi plc shall decide on the remuneration of the Board of Directors. The General Meeting or, pursuant to its authorisation, the Board of Directors of the company shall decide on the issuance of shares, options or other special rights entitling to shares, for example as part of share-based incentive schemes.

The *Board of Directors* of Olvi plc decides on the remuneration of the *Managing Director*. The *Remuneration Committee* shall support the Board of Directors in decision-making related to remuneration. The Remuneration Committee shall monitor and evaluate the competitiveness of the company's remuneration schemes and their development.

3 Description of the remuneration of the Board of Directors

Decisions concerning the remuneration of the Board of Directors are made by the Annual General Meeting. The remuneration of the Board of Directors shall cater for the company's need to get a wide range of appropriate competence to its Board of Directors.

Each member of the Board of Directors shall receive a fixed monthly pay and an attendance allowance. The amount of pay varies across different roles. Furthermore, the members of Board Committees shall receive an attendance allowance for committee work. Members of the Board may be compensated for direct costs arising from Board work, such as travel expenses in accordance with the company's travel policy.

Remuneration of the Board of Directors may be paid in cash, in shares or as a combination of these.

Members of the Board do not participate in the same incentive schemes as other management or personnel.

4 Description of the remuneration of the Managing Director

Decisions concerning the remuneration of the Managing Director are made by the Board of Directors within the limits of the Remuneration Policy for Governing Bodies presented to the General Meeting.

The remuneration of the Managing Director consists of a fixed basic salary, fringe benefits as well as short- and long-term incentives. The goal is that the proportional share of variable remuneration is more than one-half of total earnings if variable remuneration is realised in accordance with maximum performance.

Remuneration component	Description and purpose
Salary	Fixed remuneration consists of a basic salary and fringe benefits.
Benefits	The Managing Director is entitled to conventional benefits.
Pension and other benefits	The Managing Director has statutory pension. The retirement age is 65 years.
Short-term incentive scheme (STI)	The goal of short-term incentives is to encourage and reward the realisation of short-term business strategy and the achievement of operational and financial targets. The company's performance bonus scheme communicates the company's targets, will and desire. Bonuses based on earnings and performance are a sign of achievements that outperform the target level. The Board of Directors shall decide upon the basis for definition of the incentives. The monitoring period of a short-term incentive scheme is at most one accounting period, and the achievement of targets is assessed when the financial statements are completed. The annual maximum amount of rewards payable under a short-term incentive scheme is limited.

Long-term incentive scheme (LTI)	The objectives for long-term incentives include increasing shareholder value, improving competitive ability, supporting profitable growth and relative profitability, and making operational management and key employees committed to the company. Long-term incentives are based on schemes confirmed by the company's Board of Directors. They can be, for example, cash schemes, performance-based share bonuses, restricted shares, additional shares as consideration for investing in the company's shares (additional share bonus) or other share-based instruments. Any reward payable to the Managing Director from a long-term incentive scheme shall be based on performance criteria associated with the company's strategic targets and approved by the Board of Directors. Share-based incentive schemes shall have a performance period of at least two years. At the end of the performance period, the realisation of the performance criteria is assessed, and any rewards payable shall depend on success related to these targets.

Other terms applicable to the Managing Director's service contract

The company's Board of Directors decides on the terms of service of the Managing Director, which are specified in a written directors' contract.

The Managing Director's period of notice is three (3) months if resigning himself or herself, and six (6) months if the contract is terminated by the company. If the company terminates the Managing Director's service, the company shall also pay a severance payment equalling twelve (12) months' salary.

Terms for clawback of remuneration

With regard to incentive schemes, the Board of Directors is entitled to reduce, cancel or claw back any rewards paid in whole or in part in cases of violating the law or the company's ethical guidelines or otherwise involving unethical conduct.

5 Requirements for temporary deviation

The remuneration of the Board of Directors and the Managing Director takes place within the limits of the Remuneration Policy presented to the General Meeting. However, the company has the possibility to deviate from the Remuneration Policy temporarily to ensure the company's long-term interests if the company's operating preconditions have changed after the General Meeting discussed the Remuneration Policy. These situations of change include, among others:

- Change of Managing Director
- Mergers and acquisitions
- Other substantial change in the company's financial standing

The deviation may concern the overall remuneration of the Managing Director, and the decision shall be made by the company's Board of Directors if it considers that the valid Remuneration Policy for Governing

Bodies is no longer appropriate in the changed circumstances and that the deviation takes place to ensure the company's long-term interests. The assessment of the company's long-term interests can take into account the company's long-term financial success, competitiveness and shareholder value development, among other things. A temporary deviation shall be reported in the annual Remuneration Report to be discussed at the next Annual General Meeting.