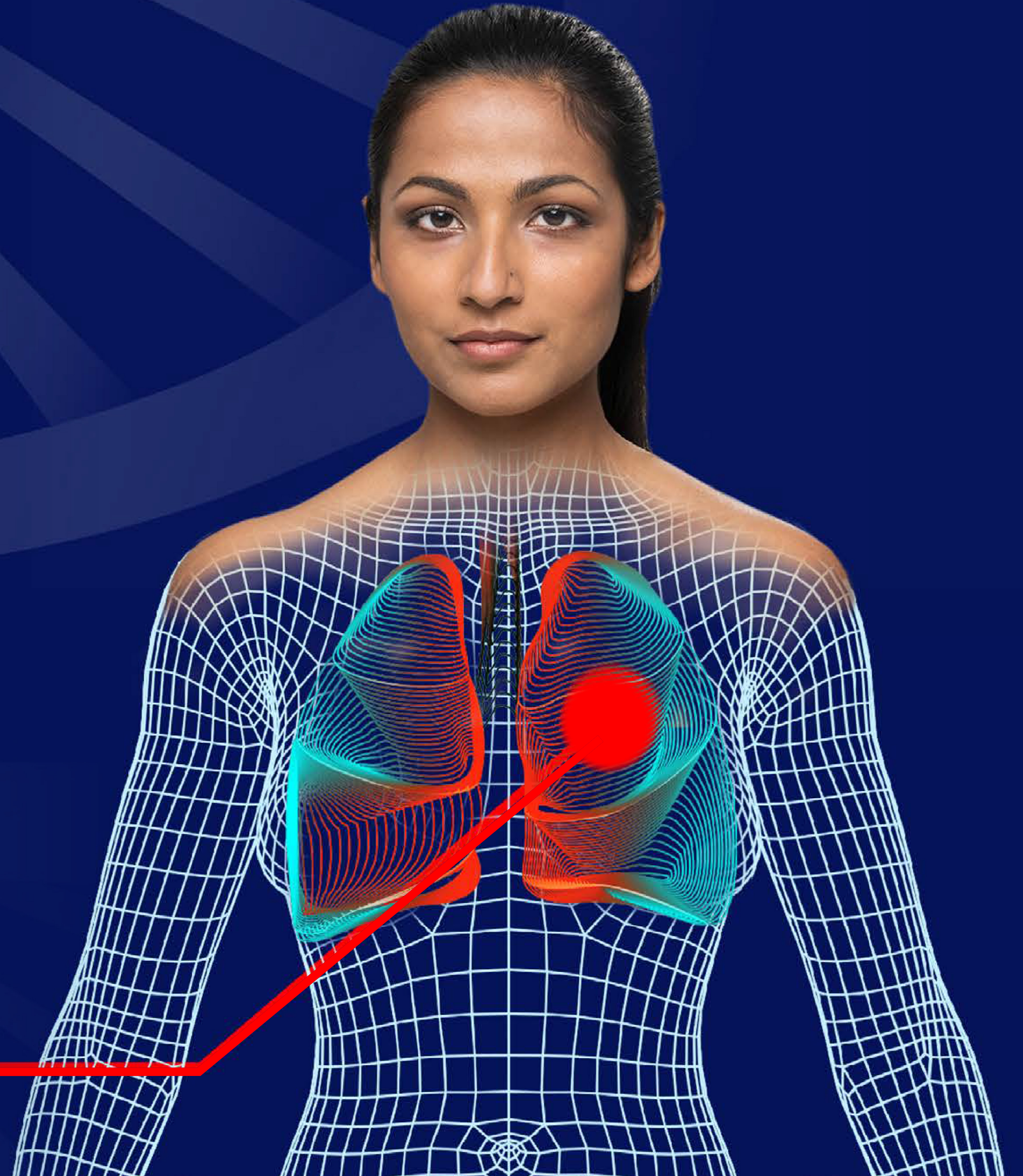

Remuneration Policy

modulight





Modulight Corporation Bodies' Remuneration Policy

1 Preamble

This Modulight Corporation's bodies' remuneration policy ("**Remuneration Policy**") presents the remuneration framework for the members of Modulight Corporation's ("**Company**") Board of Directors, and the CEO (Board of Directors and the CEO together, "**Body**"). The principles applied to the CEO will be applied to a deputy CEO, should such be appointed. The principles and decision-making processes for the remuneration of the Board and CEO and for the key terms of the service contract are set forth in this Remuneration Policy.

The purpose of this Remuneration Policy is to support the Company's strategic goals and promote its competitiveness and long-term financial success. The Remuneration Policy describes the remuneration for the Board and the CEO. The objective of the remuneration is to encourage and reward the management for 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 and foster their long-term commitment to the Company's goals.

The Company's remuneration supports achieving strategic targets, profitability, and increased shareholder value.

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.

The Remuneration Policy will be presented in the Company's Annual General Meeting for the first time in 2022, and following that at least every fourth year and always if significant changes are proposed to it. A report on the remuneration will be annually presented in the Company's Annual General Meeting starting from the General Meeting of 2022.

This Remuneration Policy is drafted in accordance with the provisions of all applicable laws and the Finnish Corporate Governance Code of the Finnish Securities Market Association ("**Corporate Governance Code**").

The Board of Directors may decide that some of the Board Members can work for the Company under separate agreement that applies to their employment or services provided that it complies with the Company's general principles for employment or procurement. Remuneration related to the employment of or provision of services by these Board Members is based on a separate agreement and it may consist of a fixed basic salary with fringe benefits and annual incentives based on the Company's profitability and/or long-term goals, or in case

of provision of services of a fixed fee and a variable component, in accordance with the principles adopted by the Board of Directors.

In order to avoid conflicts of interest, the Board Members who have separate employment or service agreements will not participate in the decision-making process or preparations related to these agreements.

The remuneration of the Board of Directors and CEO will be regularly assessed in terms of the general market practices applied to persons in similar positions.

2 The decision-making process

2.1 Preparation, adoption and monitoring of the Remuneration Policy

The Board's Remuneration Committee will prepare the Remuneration Policy and the Board of Directors will present it to be discussed at the General Meeting. The Remuneration Committee and the Board of Directors will monitor the compliance with and the effectiveness of the Remuneration Policy, the competitiveness of the remuneration and the extent to which the Remuneration Policy promotes the long-term goals of the Company. The Board of Directors presents amendments to the Remuneration Policy to the General Meeting as needed.

The Company's Board of Directors will adopt the Remuneration Policy to be presented to the General

Meeting where necessary and at least every four years. The General Meeting will hand down a decision as to whether it is in favour of adopting the proposed Remuneration Policy. The decision is advisory, and non-binding. In the event that the majority of the General Meeting does not support the Remuneration Policy presented thereto, a revised Remuneration Policy will be presented, at the latest, at the next Annual General Meeting. In these cases, the decision regarding the remuneration of the Board and the CEO will be based on the Remuneration Policy presented to the General Meeting until the revised Remuneration Policy has been processed at a General Meeting.

The Remuneration Committee monitors that all remuneration practices are in accordance with the Company's Remuneration Policy and currently valid legislation. The Remuneration Committee will monitor the implementation of the Remuneration Policy on an annual basis and propose measures to ensure the implementation of the Remuneration Policy to the Board of the Directors where necessary.

Each year, the Board of Directors submits to the Annual General Meeting a remuneration report prepared by the Remuneration Committee, which enables the shareholders to assess how the bodies' remuneration has complied with the valid Remuneration Policy and how remuneration promotes the Company's long-term financial success.



All conflicts of interest have to be taken into consideration in terms of remuneration. Conflict of interest situations will be prevented so that the person being remunerated cannot attend the decision-making process.

2.2 Bodies’ remuneration

The Shareholders’ Nomination Board (“the **Nomination Board**”) is responsible for drafting all proposals to the General Meeting concerning the remuneration of the Board Members. In principal, the General Meeting will decide on the remuneration of the Board Members based on the proposal given by the Nomination Board. The decision on the remuneration of the Board Members must be based on the valid Remuneration Policy presented to the General Meeting.

The Company’s Board of Directors will decide on the provisions of the managing director agreement for the CEO based on the proposal given by the Remuneration Committee and in accordance with the Remuneration Policy. The Remuneration Committee will regularly monitor and assess the efficiency and appropriateness of the Remuneration Policy and the CEO’s remuneration in order to ensure that they comply with the Company’s business requirements, strategy and shareholders’ interests. The purpose of the Remuneration Policy is to provide the CEO with overall remuneration that will motivate the CEO and offers him/her a balanced and market-based overall remuneration that will be based on the Company’s long-term strategy and competitiveness and the realisation of the sustainable financial result compliant with the Company’s objectives. The annual variable remuneration is based on performance against set annual targets.

The remuneration of the Company’s bodies can be paid partially or entirely in the form of shares or other share-related instruments pursuant to the applicable legislation and other regulations within the scope of the authorisation that the general meeting has granted to the Board of Directors.

3 Details of the Board of Directors’ remuneration

Decisions concerning the remuneration of the Board of Directors are made by the General Meeting for a single term of office at a time based on a proposal of the Board. Decision on the remuneration of the Board shall be based on the valid Remuneration Policy presented to the General Meeting.

The remuneration of the Board of Directors can consist of one or more components. The Board of Directors can, for instance, be paid an annual or a monthly fee as well as a meeting fee for board meetings or committee and governing body meetings. Increased remuneration can be paid to the Chair of the Board and to the committee chairs appointed by the Board of Directors. In addition to the board fees, the Board members may be compensated for travelling expenses and/or other costs directly incurred by the board work as decided by the General Meeting. Board members may also be compensated with a long-term stock option plan in order to align the interests of board members, Company and shareholders.

Remuneration paid to the Board members can be paid in cash and/or shares partially or in full. In its reso-

lution, the General Meeting may require that the rewards to be paid in cash must be used entirely or partially in order to acquire the Company’s shares.

The members of the Company’s Board are not eligible for short-term incentive plans paid in cash based on their position as a member of the Board. Decisions concerning the distribution of the Company’s shares, stock options, or other special rights entitling to shares shall be made in the General Meeting or by the Board of the Company pursuant to an authorisation from the General Meeting. When shares, stock options, or other special rights entitling to shares are issued to the members of the governing bodies as part of their remuneration, this must take place within the limits of the Remuneration Policy.

If a Board member is in a service or employment relationship with the Company, they will be paid a regular salary, in accordance with market practice, that is based on the service or employment relationship, and the board fee will be determined on the same basis as that of other members of the Board. In situations where a Board member who is not in an employment or a service relationship with the Company participates in the development of the Company’s operations outside of their board duties, in a project-like manner, a separate reasonable compensation can be paid for such work pursuant to the Board of Directors’ decision.

4 Details of the CEO’s remuneration

4.1 General

The Company’s Board of Directors will decide on the CEO’s remuneration and other financial benefits

based on the Remuneration Committee’s preparatory works. Any changes to the CEO’s salary and remuneration will be made only pursuant to the Board of Director’s approval.

The provisions concerning the CEO’s remuneration also apply to the possible deputy CEO. For the avoidance of doubt, as the Board of Directors decides on the deputy CEO’s remuneration, it is not bound to the CEO’s remuneration as regards to the terms of the amount and structure of the remuneration.

4.2 Components of remuneration and how they are determined

The CEO’s remuneration is primarily comprised of a monthly salary, employee benefits, and variable bonuses as well as possible long-term incentive schemes and commitment programmes, the use of which is at the sole discretion of the Board of Directors. In addition, the CEO can be granted a separate, reasonable supplementary pension arrangement or other possible benefits to ensure that a competent CEO is committed to the Company’s development.

The fixed salary will be confirmed in the managing director agreement. A part of the salary can be replaced with a housing benefit or a car benefit. The CEO’s professional competence and responsibilities as well as the general salary level in similar positions will be taken into account when determining the CEO’s fixed salary.

The variable bonus is bound to the financial success of the Company as well as the achievement of the Company’s strategic goals. The Company’s Board of



Directors will determine the accumulation criteria for the variable bonus as well as the goals set for each criterion at the beginning of each accumulation period, and it will assess the fulfilment of the bonus at the end of the accumulation period in connection with the CEO's annual performance evaluation. The criteria defined by the Board may consider matters such as the Company's commercial progress, turnover, operating profit, stability of customers, efficiency of operations, employee satisfaction, the progress of product development, and product-group specific growth. The Board of Directors carefully annually assesses what is the appropriate proportion between fixed and variable remuneration of the CEO to best serve the then current phase and objectives of the Company's business. The Board of Directors will decide on a case by case basis the possible long-term incentives and commitment programmes that will be granted to the CEO.

Any bonuses paid to the CEO on the basis of the variable bonus scheme as well as on the basis of the long-term incentive schemes and commitment programmes can be paid in cash and/or shares partially or in full.

Pursuant to the decision of the Board of Directors, the Company may decide not to pay the variable bonus either partially or in full, if this is considered necessary.

4.3 Key provisions that apply to the CEO's employment

The managing director agreement sets out the key provisions that apply to the CEO's employment, such

as the notice period, possible severance pay and non-compete clause. The provisions are agreed corresponding to the valid market practice at the time of signing the agreement.

4.4 Provisions regarding deferral of variable bonuses and the potential clawback thereof

In certain situations, the Company may defer the payment of variable bonuses. The amount of the bonus to be paid after the deferral depends on the Company's financial development during the deferral period. It is possible that the amount thereof will even be zero.

In certain circumstances, the Company may also recover already paid variable bonuses (clawback). The Company is also entitled to recover an already paid variable bonus if it turns out after the payment that the person who has received the bonus has endangered the financial position of the Company, violated the regulations concerning the Company, acted in violation of the Company's operating principles and courses of action or contributed to such conduct through their negligence.

5 Requirements for temporary deviations

The Company may temporarily deviate from the Remuneration Policy that has been presented to the General Meeting if it is deemed necessary to ensure the Company's long-term interests, considering the Company's long-term success, competitiveness, and shareholder value development. The deviation may concern any area of remuneration and may pertain to the Remuneration Policy as a whole or part thereof. A temporary deviation is considered to constitute a period of 18 months at the most.

The Remuneration Committee will prepare a deviation proposal for the Board of Directors' approval. Any deviations regarding the Board members' remuneration will be decided by the General Meeting and the deviations regarding the CEO's remuneration will be decided by the Company's Board of Directors.

The possibility to deviate from the Remuneration Policy temporarily is intended to be applied only in exceptional circumstances. A temporary deviation can be considered in the following circumstances:

- > Appointment of a new CEO
- > Significant corporate transaction
- > Considerable change in the Company's strategy that results from an internal or external factor
- > Amendments to taxation or other legislation

In the event that deviations take place with respect to the courses of action or principles that have been set out in this policy, the deviation will be documented and reported to the Board of Directors and as part of the remuneration report that will be presented at the Annual General Meeting.

The Company has the right to make other than material amendments to the remuneration policy without presenting the amended policy to the General Meeting. These changes include e.g. various technical and terminological amendments. Legislative amendments may also constitute grounds for making other than material amendments to the Remuneration Policy.

If the deviation from the Remuneration Policy is estimated to continue other than temporarily, the Company will prepare a new Remuneration Policy that will be discussed at the next possible Annual General Meeting.

6 Availability of the policy

The Company shall make the approved Remuneration Policy available to the public on its website.

If the General Meeting has voted on the Remuneration Policy, information on date of the vote and results thereof must be made available in connection with the Remuneration Policy.

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