

# Remuneration Policy of Nightingale Health Plc

## 1 INTRODUCTION

This Remuneration Policy (the “**Policy**”) presents the remuneration framework for the members of the Board of Director (the “**Board**” and each member of the Board, a “**Director**”) and the CEO (the “**CEO**”) of Nightingale Health Plc (the “**Company**”). This Policy shall also be applied to any 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 Policy.

The Company’s remuneration principles apply to the entire personnel. The key principles of the Company’s remuneration are transparency, market-orientation, and remuneration based on good performance of both the individual employees and the Company.

The Policy describes the remuneration for the Board and the CEO. The objective of this Policy 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.

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.

Remuneration of the Company’s personnel is based on a total remuneration, which may among other things include both variable and fixed components of remuneration as well as personnel benefits. Remuneration of the personnel in accordance with the remuneration principles may consist of the following components:

- Basic salary and employee benefits in compliance with the local market practices, laws, and regulations;
- Share or option based incentive programs with time-based vesting for employees;
- Option programs with vesting based on the increase of Company’s market value or other KPI-based vesting for employees;
- Option programs with vesting based on time, the increase of the Company’s market value or other KPI-based vesting for key senior management and Directors; and
- Performance bonus model.



## 2 DECISION-MAKING PROCESS

The Company's remuneration principles and policies are addressed by the Board. The Board has not established a remuneration committee for the Company. It has not been considered needed, having regard to the status and scope of the Company's activities.

The Board monitors and oversees the effectiveness of the Policy, the competitiveness of the remuneration and the extent to which the Policy promotes the long-term goals of the Company and the group and presents amendments to the Policy to the General Meeting if needed.

The Board reviews and presents to the General Meeting the Policy and any substantial changes to it whenever necessary, but at least every four years. The General Meeting makes an advisory resolution on the Policy, expressing whether it supports the presented Policy. The shareholders cannot propose changes to the Policy.

If a majority of the General Meeting opposes the presented Policy, a revised Policy must be presented no later than at the next Annual General Meeting. In such a case, the decision on remuneration of the Board and the CEO, shall be based on the initial Policy presented to the General Meeting until the revised Policy has been considered at the General Meeting.

The proposal for the remuneration of the Board, the CEO, and other incentive plans of the Company shall be prepared by the Board.

The Board annually monitors the implementation of the Policy and, where necessary, suggests measures to for ensuring its implementation.

When amending the Policy, the Board shall state the material changes. Additionally, the Board shall state how the new Policy considers 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 Policy.

On basis of a proposal prepared by the Board, the General Meeting annually decides on the remuneration of the Directors. The decision on the remuneration of the Directors is based on the Policy presented to the General Meeting.

The Board decides on the remuneration of the CEO in accordance with the Policy. Where necessary, the Board prepares matters relating to remuneration with the assistance of independent external experts.

Decisions concerning distribution of shares, options, or other special rights entitling one to shares shall be made in the General Meeting or by the Company's Board under an authorisation from the General Meeting.

When shares, options, or other special rights entitling one to shares are issued to Directors or to the CEO as part of their remuneration, this must take place within the limits of the Policy presented to the General Meeting.



The CEO of the Company is responsible for implementing the incentive plans based on the Policy and the decisions of the Board, and the CFO for evaluating the costs arising from the incentive plans.

### 3 REMUNERATION OF BOARD

Decisions concerning the remuneration of the Board 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 Policy presented to the General Meeting.

The remuneration of the Board can consist of one or more components. The 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.

The members of the Board may be compensated for travelling expenses and/or other costs directly incurred by the board work as decided by the General Meeting. The compensation paid to the Chairman of the Board may be higher than the fees paid to other members 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 Policy. Remuneration paid in shares may be subject to restrictions related to lock-up periods concerning time or subject to reaching set targets that can be related to, for example, the Company's market capitalisation or revenue.

If an employee of the Company is a member of the Board, the board fee will be determined on the same basis as that of other members of the Board, and the salary paid and other benefits on the basis of the employment relationship, will be determined on the basis of the terms applicable to the employment relationship at the given time.

### 4 REMUNERATION OF CEO

The Remuneration of the CEO and the terms applicable to the service contract of the CEO are prepared by the Board, within the limits of this Policy presented to the General Meeting.

The starting point for stock options is that if the option holder terminates the service relationship with the Company all option rights held by such option holder shall become void immediately without compensation. If the option holder's service relationship is terminated by the Company, the option holder is entitled to the vested options and the options that will vest during the following vesting event. The Board may, however, decide to deviate from the above-mentioned provisions.



#### **4.1 Remuneration Components and Proportional Shares of Overall Remuneration**

The remuneration of the CEO consists of a monthly salary, employee benefits, and performance-based incentive systems. The remuneration of the CEO may include supplementary benefits, pension arrangement and severance payment.

The incentive systems consist of a long-term incentive plan and a short-term performance bonus based on reaching targets set by the Board.

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

The share of the variable remuneration of overall remuneration is based on the long-term strategic objectives defined by the Board.

#### **4.2 Grounds for Determining Variable Remuneration**

The target levels and maximum levels of the variable remuneration's measures are based on the strategic objectives defined by the Board. The measures are regularly followed.

##### *Performance Bonus*

The CEO may be paid a determined performance bonus. The CEO's performance objectives are set by the Board.

The criteria defined by the Board may consider matters such as the Company's turnover, operating profit, amount of customers, efficiency of operations and the progress of product development. The Board evaluates the fulfilment of the criteria. The performance time for the CEO's incentive plan is generally a financial year. The Board may, however, decide on a shorter performance time.

##### *Long-Term Incentive Plan*

The CEO may be eligible for a share or stock option incentive scheme decided by the Company. The starting point for stock option rights is that the value of stock options will realise only if the Company reaches defined target valuation. The Board may, however, decide also on other provisions for the stock options.

#### **4.3 Other Key Terms of the Service Contract**

##### *Pension Arrangements*

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 shall decide on the payments of the supplementary pension arrangements in accordance with the market practices.



### *Terms of Notice*

The duration of the contract, the applicable notice period, possible severance payment as well as any other termination clauses are agreed in the CEO's service contract.

The period of notice of the CEO's current service contract to be observed by CEO is four (4) months. The Company may terminate the service contract with a notice period between 0-2 months as decided by the Company. The CEO is entitled to a severance payment corresponding to CEO's salary for 24 months in case the Company terminates the service contract. Additionally, other terms of notice may also be agreed in the service contract with the CEO.

## **5 REQUIREMENTS FOR TEMPORARY DEVIATION**

A temporary deviation from the Policy is allowed if this deemed necessary to ensure the Company's long-term interests, considering the Company's long-term success, competitiveness, and shareholder value development. A temporary deviation may pertain to the Policy as a whole or part thereof.

A temporary deviation from the valid Policy is allowed only in exceptional circumstances, in which the Company's key operating preconditions have changed after the General Meeting discussed the Policy, for instance, due to a change of CEO or a corporate arrangement such as a merger or takeover bid, and the valid Policy would no longer be appropriate in these changed circumstances. A temporary deviation is allowed also in case of legislative or regulatory changes or changes in taxation, which would lead to the Policy not being appropriate in these changed circumstances.

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

The Board of the Company shall evaluate the needs for deviating from the Policy and shall decide on the deviation. A temporary deviation must be reported in the annual remuneration report.

The deviation may apply to all reward components. The General Meeting decides on deviation in respect of remuneration of the Board, and the Board decides on deviation in respect of the CEO.

## **6 AVAILABILITY OF THE POLICY**

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

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