

# Remuneration Policy for the Governing Bodies 2020

## Introduction

This Remuneration Policy for Governing Bodies ("**Policy**") of Asiakastieto Group Plc ("**Asiakastieto**" or the "**Company**") is the remuneration policy referred to in reporting requirements of the Finnish Corporate Governance Code ("**CG Code**") 2020 for listed companies issued by the Securities Market Association on November 2019, the Finnish Securities Market Act (746/2012, as amended), the Finnish Companies Act (624/2006, as amended) and the Decree of the Ministry of Finance (608/2019).

This Policy has been approved by the Board of Directors of Asiakastieto and is subject to advisory decision by the Annual General Meeting of the Company (first time on 27th March 2020). The Annual General Meeting shall review this Policy once every four years and whenever substantial changes have been made to it.

Remuneration is based on the principles of performance, fairness, competitiveness, and transparency. A motivating, fair, competitive and transparent remuneration structure has a significant effect on the Company's ability to attract and retain talents as well as deliver strategy, maximise shareholder value creation and achieve both short-term and long-term goals. To support these goals, a significant part of the CEO's total remuneration is granted in incentive plans, of which rewards are earned based on Asiakastieto business performance.

Remuneration shall support the achievement of strategic goals, motivate and reward for excellent performance and encourage value-based behaviour. Rewards are balanced between long-term value creation and efficient achievement of short-term goals, to ensure aligned management interest with those of shareholders.

The Remuneration Policy is set to be consistent with the remuneration framework and philosophy applied to all Asiakastieto employees: For example, variable remuneration performance metrics for the CEO are also included in other employees' incentive plan. However, a larger portion of the CEO's total compensation is typically granted in variable pay incentive schemes, since Asiakastieto aims to have a stronger link to performance and the CEO remuneration than for typical employee remuneration.

This Policy describes the principles and governance of the remuneration paid to the Company's Board of Directors and to the CEO. In the event that a Deputy was appointed to the CEO, the same principles applied to the CEO would apply to the Deputy CEO.

## Decision-making process

**The Board of Directors' remuneration:** The Annual General Meeting of shareholders makes the decision on the Board's remuneration. The Shareholders' Nomination Board annually prepares its proposal for the remuneration of the members of the Board of Directors and Board Committees according to principles defined in this Policy. The Chairman of the Board of Directors is a member of the Shareholders' Nomination Board as his/her role in providing insight regarding the Board of Directors' work and composition is significant. The Chairman of the Board will not participate in the consideration of the proposal on the Board of Director's remuneration.

**The remuneration of the CEO:** The Board of Directors decides on the salary, short- and long-term incentives and other benefits received by the CEO, as well as the associated targets related to the incentive schemes. The Board may delegate its decision-making authority to the Chairman of the Board. The CEO is not a member of the Board of Directors and is not in any way involved in the decision-making process regarding his or her remuneration.

In order to promote alignment of interests with shareholder, as well as pay for performance, a part of the remuneration may be paid out in Asiakastieto shares or share-linked instruments. Such payments shall be decided by the General Meeting, or by Asiakastieto Board according to the authorisation by the General Meeting.

## Remuneration of the Board of Directors and Board Committees

The purpose of the Board remuneration is to ensure that Asiakastieto has a high performing and efficient Board consisting of highly competent professionals who represent a diverse and relevant mix of skills, capabilities and experience. The leading principle in the structure of the Board Remuneration is to align Board's interests with those of all shareholders. The Board of Directors' remuneration shall be transparent, reasonable and comparable to market levels. The level of remuneration may differ for each Board member, according to their positions as Chairman, Vice Chairman, or Member, as well as their roles in Board committees.

The fees to be paid to directors may be paid in cash or in shares or in combination, based on the decision by the Annual General Meeting. The members of the Board of Directors are not eligible for the Company's share incentive plans or other incentive plans.

## Remuneration of the CEO

The principle to the remuneration of the CEO is that the remuneration should align the interest of the CEO with those of the Company's shareholders. Asiakastieto uses various remuneration elements to attract, motivate and retain high performing individuals with the right skills and capabilities. Performance correlates with the reward level, which promotes high performance and focus on the strategy execution and business goals on both short-term and long-term. Measurement principles for variable remuneration elements shall be clearly defined by the

Board when the targets are set. The remuneration structure and level should be comparable to the relevant national and industry benchmarks. The CEO is encouraged to accumulate and maintain a personal shareholding in Asiakastieto.

The Board of Directors appoints the CEO and decides on the salary, benefits and the terms and conditions of his or her contract.

The remuneration of the CEO may consist of a fixed base salary, other benefits, annual short-term incentives and long-term incentives, such as share-based incentives and pension schemes. The elements are described below.

#### Fixed remuneration

Remuneration element	Description
<b>Base salary</b>	Fixed pay includes the monthly fixed salary. The salary is defined by the Board of Directors to be reasonable and comparable against market levels, and to reflect the individual's skills and experience, as well as other relevant factors.
<b>Fringe benefits and pension coverage</b>	Fringe benefits may include car, lunch and sports benefits and other such benefits according to remuneration principles for Employees. The medical care coverage is according to remuneration principles for Employees. Pension benefits include statutory pension insurance according to law. The pension benefits may be supplemented by voluntary defined contribution plan according to decision by the Board of Directors.

## Variable remuneration

Remuneration element	Share of total rewards	Description
<b>Short Term Incentives (STI)</b>	The maximum short-term incentive opportunity shall be 100% of annual base salary for the CEO.	Short-term incentive consists of annually defined bonus that is paid annually in cash based on set financial targets aligned with the Company strategy. The STI is set for one calendar year at time
<b>Long Term Incentives (LTI)</b>	The value of an annual LTI grant at maximum shall be 150% of one year's annual gross base salary, calculated with Asiakastieto share price at the time of the grant. Share price development after the grant moment will have an increasing or decreasing effect on the realised long-term incentive plan rewards.	<p>Long-term incentives consist of share-based incentive schemes commencing by the decision of Board of Directors. The scheme or schemes may be based on rewarding for Asiakastieto performance, and/or encouraging to invest in Asiakastieto share, and/or for retention purposes. As a main rule, the remuneration is paid partly in shares and partly in cash.</p> <p>The performance criteria, time line, and other terms of the LTI are decided by the Board for each grant separately to steer towards increasing the value of Asiakastieto and align interests with the shareholders. The criteria for the LTI may include financial criteria, as well as targets tied to Asiakastieto share value development and strategic development targets.</p> <p>The total vesting time for each LTI grant shall be at minimum 3 years.</p>

### Guidelines for remuneration mix

Performance-based incentive plans shall form a significant portion of the annual target remuneration opportunity provided to the CEO. The aim is that at a target-level performance, the majority of the CEO's total remuneration accrues via performance-based incentives. The long-term share-based incentives shall form the majority of the CEO's total variable pay opportunity, in order to ensure strong long-term alignment with shareholders.

### Other key terms applicable to the service contract

The service contract of the CEO is made for an indefinite period up until the retirement age, which follows applicable law. The CEO's contract of service may be terminated with mutual six (6) months' notice. Upon termination of the contract by the Company, without reasons comparable to those stipulated in the Finnish Employment Contracts Act (55/2001), the CEO

shall be entitled to receive a one-off severance payment equivalent to six months' salary in accordance with his salary rate at the time of termination of the contract.

The Board may exercise its discretion in leaver situations regarding potential partial or full payment of granted STI and/or LTI rewards. Potential rewards may be paid during the year of departure or later. In addition, Board may set conditions for reward payout.

The Board may set share ownership guidelines and restrictions to reward shares for the CEO in order to encourage building a meaningful shareholding in Asiakastieto. The CEO must hold as minimum all the shares received from the LTI-plans until his/ her shareholding in total corresponds to the value of gross annual salary.

#### **Terms for deferral and possible claw back of remuneration**

The Board has the right to reduce incentive plan rewards or defer payments to a time that is more favorable to the Company, if changes in circumstances beyond the Company's control or other circumstances would result in materially adverse or unacceptable result for the Company or for the CEO.

### **Requirements for temporary deviation**

Temporary deviation from this Policy can be made by the Resolution of Board of Directors to ensure the Company's long-term interests in the following exceptional circumstances:

- Recruitment of a new CEO
- Significant merger, acquisition, demerger or other corporate restructuring event
- Changes in regulations, such as taxation or in case of exchange control
- Significant change in Asiakastieto's strategy
- Any other similar, significant change in circumstances

The Company may temporarily deviate from remuneration components, terms and conditions of the service contract or the STI and LTI plans applicable to the CEO. Any deviation from the Remuneration Policy must be communicated transparently to Asiakastieto shareholders. If a deviation decision has been taken, and the deviation is not considered temporary, the Company will present the next Annual General Meeting with a revised Policy.

*This policy applies to all the incentive programs regarding the remuneration of the CEO commencing from 1<sup>st</sup> January 2020 onwards. BoD has a right to make payments based on programmes that have commenced before application of this Policy*