



12 January 2022

## INCAP CORPORATION – REMUNERATION POLICY

### 1. Introduction

Incap's remuneration reporting consists of the Remuneration Policy presented to the Annual General Meeting at least once every four years and, from 2020, the Remuneration Report, presented each year and prepared in accordance with the Corporate Governance Code of 1 January 2020. The Remuneration Report provides information on the fees paid to the company's governing bodies in the financial period.

This Remuneration Policy defines the principles for the remuneration of Incap's governing bodies, i.e. the Board of Directors and President & CEO.

The objective of remuneration is to promote Incap's long-term financial performance, competitiveness, and favourable development of shareholder value. Remuneration is based on pre-set criteria and measurable key metrics.

The company's objective is transparency in remuneration as well as fair and encouraging remuneration at all organisational levels. Remuneration also plays a key role in ensuring competitive recruitment and commitment for the company.

This Remuneration Policy is available on the company's webpages as long as applied. The company's employee salary and remuneration terms are also taken into consideration when deciding on the remuneration of governing bodies.

### 2. Remuneration decision-making process

The statutory governing bodies are the Annual General Meeting, Board of Directors, and President & CEO. The statutory governing bodies are supported by the Chief Financial Officer. The company has no separate Audit or Remuneration Committee because of the size of the company, however, the Board of Directors handles the tasks of the Committees as part of its operation.



The fees paid to the Board of Directors and their criteria are resolved by the Annual General Meeting. The remuneration can also be paid in part or full as the company's shares.

The Board remuneration is decided by the Annual General Meeting of Incap Corporation. The Board prepares the remuneration proposal for the Annual General Meeting.



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The Board of Directors may appoint one or more of its members or nominate a committee to investigate the justifications for proposed performance-based incentive schemes and to coordinate the use of possible outside experts.

The company periodically assesses the competitiveness of the company's remuneration in relation to other listed companies in the peer group.

The Board of Directors decides on the principles of remuneration of the President & CEO and other management.

Incap's Board of Directors also decides on the remuneration of the Directors of Operations in the countries and the Group Management Team, including other financial benefits, criteria for possible performance-based incentives as well as granting of possible share-based incentives, within the limits set by the authorisations granted by the Annual General Meeting.

The Company's President & CEO decides on the salaries and details regarding other remuneration of employees other than members of the Group Management Team.

The Board prepares proposals for the overall remuneration of the President & CEO, Directors of Operations in the countries, and members of the Group Management Team. The fixed salaries of the Directors of Operations in the countries and members of the Group Management Team are nevertheless decided on the basis of a proposal made by the President & CEO.

The Board accepts the remuneration of the President & CEO annually in accordance with this Remuneration Policy, assesses the remuneration paid and ensures its accordance with this policy.

To avoid conflicts of interest, no person shall be involved in deciding their own remuneration.

### **3. Remuneration of the Board of Directors**

The remunerations paid to the Board of Directors are resolved each year by the Annual General Meeting.

The Board prepares the remuneration proposal in full. The Company may also appoint an external expert to prepare remuneration proposals for the Board. The remuneration of the Board consists of an annual fee, which can consist in part or in full of Company's shares. An increased fee can be paid to the Chair of the Board of Directors.

The travel costs of permanent Board members will be reimbursed according to the Company's currently valid travel policy.

The Annual General Meeting can also resolve on the criteria for other forms of remuneration.

The decisions of the Annual General Meeting concerning the remuneration of Board members are disclosed in the same stock exchange release as other resolutions of the Annual General Meeting.

The Board members do not have working contracts with the Company.

### **4. Remuneration of the President & CEO**

The Board of Directors decides on the President & CEO's remuneration within the framework of the Remuneration Policy for governing bodies presented to the Annual General Meeting.

The remuneration of the President & CEO consists of fixed salary and variable portion. The fixed portion forms the major part of the remuneration and includes also fringe benefits such as car, phone and data communication and other benefits. The remuneration can also consist of other benefits such as insurances and termination fees.

The variable portion consists of a portion based on pre-set criteria. The criteria may be based on for example the company's revenue and operating profit as well as working capital in relation to revenue. The variable portion is tied to financial criteria, which have been chosen in the way that they support the company's long-term financial performance and strategy implementation. The variable portion can be a maximum of 30 per cent on top of the fixed portion.

*Proportional shares of fixed and variable remuneration*

The fixed portion consisted in 2021 of approximately 81 per cent and the variable portion approximately 19 per cent of total remuneration.

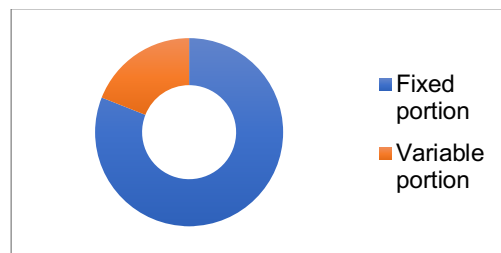


Table 1.

The Board of Directors shall set a maximum amount for the CEO's annually confirmed short-term performance-based bonus. Also the criteria may be changed annually.

Performance-based remuneration is aimed at supporting the implementation of the company's strategy and aligning the remuneration with the company's financial performance.

The company's Board of Directors shall separately decide on the launch of share-based long-term incentive schemes, their earning periods and other terms independently within the limits of the authorisation granted by the Annual General Meeting.

*4.1 Other key terms and conditions of the service contract of the President & CEO*

The Board of Directors decides on other key terms of the President & CEO's service contract. The other terms are agreed in the CEO's written service contract.

The CEO's service contract also includes non-disclosure and non-competition clauses applicable to the CEO.

The CEO's service contract is subject to customary termination conditions and a termination period of 6 months. The pension benefits of the CEO are determined in accordance with the Employment Pensions Act (Tel).

The Board of Directors monitors that the remuneration paid is in line with the company's financial reporting.



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#### *4.2. Terms for deferral and possible clawback of remuneration*

When applying the performance-based remuneration, Incap's Board of Directors may decide on the deferral or clawback of the CEO's remuneration, in part or in full, in such a situation when the CEO's service relationship with the company would end before the end of the earning period or if there were any other significant changes in the principles of remuneration.

### **5. Requirements for temporary deviation**

The remuneration of governing bodies takes place within the limits of the Remuneration Policy presented by the company to the Annual General Meeting. However, the Board of Directors retains the right to temporarily deviate from this Remuneration Policy for compelling reasons, if so required by the company's long-term financial performance, competitiveness, and shareholder value development. The possibility to temporarily deviate from the Remuneration Policy is also applied in exceptional circumstances in which the company's operating conditions would have changed after a corporate transaction, 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 shall prepare a new Remuneration Policy to be discussed at the next possible Annual General Meeting. The provisions concerning the availability of the notice convening the Annual General Meeting and meeting material could lead to it not being possible to present the new Remuneration Policy to the next Annual General Meeting, if the need for deviation arises close to the date of the Annual General Meeting in question. In such situations, the company shall present the Remuneration Policy to the Annual General Meeting for which it can be properly prepared.

If the temporary deviation from the Remuneration Policy concerns the remuneration of a new CEO, or the policy has been deviated from due to a corporate transaction or other corresponding exceptional situation, the new terms and conditions concerning remuneration shall be valid as agreed regardless of the duration of the temporary deviation.

19 January 2022  
Board of Directors