

## Executive Remuneration Policy of SRV Group Plc

### 1. Introduction

The purpose of this remuneration policy is to establish guidelines for the remuneration of the Board of Directors, the President & CEO (hereinafter "CEO") and the other members of the executive bodies of SRV Group Plc (hereinafter "SRV" or "company"), and to provide information to the company's investors about remuneration at SRV.

The purpose of the remuneration system applied at SRV is to tie together the objectives of SRV's owners and members of executive bodies, including the CEO, with the aim of increasing the company's value and operating profit, and to strengthen the CEO's commitment to the company.

The remuneration of the CEO and other members of executive bodies is based on the following principles:

- the remuneration promotes the implementation of the strategy;
- the remuneration guides and motivates the achievement of challenging strategic, operational, and financial goals;
- the remuneration promotes increase in shareholder value;
- the remuneration is sufficient to attract and retain a CEO with the competence and experience needed to achieve the company's strategic goals; and
- the remuneration is economically reasonable for SRV, to avoid any risks to the company's competitive cost structure.

SRV is an expert company where the personnel mostly consists of salaried employees. The principles of remuneration applicable to the company's Board of Directors, CEO, and other members of executive bodies are largely governed by the same principles as those applicable to the remuneration of other personnel and the terms of employment. However, contrary to other members of personnel, the principles for executive remuneration emphasise long-term commitment and the opportunity for increase in earnings in line with increase in shareholder value.

### 2. Description of the decision-making process

The company's remuneration policy is prepared by the Board-appointed HR and Nomination Committee (hereinafter referred to as the "Committee"). The Board decides on the content of the remuneration policy presented to the General Meeting. The General Meeting decides whether or not to support the remuneration policy. The General Meeting's decision is advisory. If the General Meeting does not support the proposed remuneration policy, the revised remuneration policy shall be presented to the General Meeting no later than at the next Annual General Meeting. The remuneration of the Board of Directors, CEO, and members of other executive bodies shall be determined within the limits of the remuneration policy presented to the General Meeting.

The General Meeting shall annually decide on the compensation paid to the Board. The Board Committee prepares a proposal for the payment of compensation to the Board, which is to be presented to the General Meeting, on the basis of the remuneration policy presented to the General Meeting. If a Shareholders' Nomination Board is established for the company, the task of preparing the proposal for deciding on the compensation paid to the Board shall be transferred to the Shareholders' Nomination Board. If the compensation paid to the Board were to include shares, option rights or other special rights entitling to shares, the decision on granting them shall be made by the General Meeting.

The company's Board of Directors decides on the compensation paid to the CEO and Deputy to the CEO. The Board Committee handles the preparation of the proposal on the compensation paid to the CEO and Deputy to the CEO, which shall be presented to the Board. The Board decides on the compensation within the limits specified in the remuneration policy presented to the General Meeting. In order to avoid conflicts of interest, most of the Committee members must be independent from the company. The CEO or Deputy to the CEO may not participate in the decision-making process concerning their remuneration.

If the compensation paid to the CEO or Deputy to the CEO includes shares, option rights or other special rights entitling to shares, the General Meeting must grant the necessary authorisation to the Board. The General Meeting decides on the granting of share issue authorisation to the Board. The Board shall make the decisions to issue or grant shares, option rights or special rights entitling to shares within the limits of the remuneration policy presented to the General Meeting and the authorisation granted to the Board by the General Meeting.

### 3. Description of compensation paid to the Board of Directors

The aim of the compensation paid to the Board of Directors is to attract and commit to the company Board members whose competence supports the achievement of the company's strategic goals and the long-term growth of the company's shareholder value.

The General Meeting may decide to use one or more ways of compensating the Board, such as cash payments and shares. The compensation paid to the Board may consist of several components, such as a fixed base salary and meeting fees.

The level of compensation paid to Board members may vary depending on the amount of work so as to take account of the member's position as a chair or vice chair, or their role in a Board committee.

### 4. Description of compensation paid to the CEO and Deputy to the CEO

#### a. Components and relative proportions of compensation paid to the CEO

The CEO's remuneration consists of fixed components such as base salary and benefits, variable components such as short- and long-term incentives, and other financial benefits.

The table below outlines the key components of the CEO's remuneration:

COMPONENT	OBJECTIVE	DESCRIPTION AND CRITERIA
BASE SALARY	To attract and retain a CEO who has the competence and experience necessary to achieve the company's strategic goals	<p>The base salary is determined on the basis of various factors. The base salary should be competitive in relation to the market level and the CEO's competence and experience.</p> <p>The usual fringe benefits are part of the fixed amount of compensation. The CEO is entitled to the fringe benefits offered by the company.</p>
SHORT-TERM INCENTIVES	To achieve the annual targets set for the CEO by the Board on the basis of the company's strategy	<p>The CEO is entitled to a short-term incentive plan.</p> <p>The Board decides annually on the criteria for the short-term incentive scheme. The main emphasis is on financial objectives, but some of the objectives can also be non-financial. The review period is the financial year.</p> <p>The amount of the short-term incentive remuneration is based on the performance in relation to the set targets. The Board of Directors evaluates performance and the amount of the remuneration at its discretion at the end of each review period.</p> <p>The short-term incentive scheme payments shall account for no more than two thirds of the amount of fixed annual compensation.</p>

<p><b>LONG-TERM INCENTIVES</b></p>	<p>To tie together the shareholders' and CEO's objectives with the aim of increasing shareholder value</p>	<p>The CEO may be entitled to a long-term incentive plan, which is typically a share-based incentive plan. The incentive plan takes into account long-term development work to increase the value of the company and implement the strategy.</p> <p>The criteria for determining the incentive plan typically include financial and/or strategic objectives. The incentive plan may be based solely on the increase in the value of the company's shares, whereby the incentive plan may grant share subscription or purchase rights at a predetermined price. Purchase rights are divided into utilisation periods of up to two years. The acquired shares are subject to a transfer restriction (commitment period) which is valid for at least two years from the date of acquisition.</p> <p>The proportional share of the reward system based on the share appreciation depends on the future appreciation of the company's share.</p>
<p><b>OTHER FINANCIAL BENEFITS</b></p>	<p>Supplementing the base salary and benefits with competitive benefits in accordance with the established market practice</p>	<p>In addition to the mandatory insurance coverage, the CEO may be entitled to various additional insurances, such as life insurance, health and medical expenses insurance, insurance covering leisure time accidents and travel insurance.</p> <p>Other financial benefits may also include one-time payments, such as sign-on bonus at the beginning of service, severance pay upon dismissal or a separate bonus decided by the Board of Directors to safeguard the company's interests in special circumstances. A one-time payment shall account for no more than half of the amount of fixed annual compensation.</p>

**b. Other key conditions applicable to the CEO's service contract**

The terms and conditions of the CEO's service are set out in writing in the CEO's service contract, which defines e.g. the term of the contract, notice periods and the amount of severance pay (if applicable). Typically, the CEO's service contract is drawn up for an indefinite period and in accordance with current market practice. The company is responsible for providing pension insurance for the CEO in accordance with the legislation in force.

The CEO's right to short- and long-term incentives upon the termination of service are defined in the terms and conditions of the CEO's short- and long-term incentive schemes. The Incentive scheme may remain at the CEO's disposal for a predetermined period from the date of termination of the service contract.

**c. Compensation paid to the Deputy to the CEO**

A senior executive of the company appointed by the Board serves as the Deputy to the CEO as their secondary job. With the role being a secondary job, the company does not pay a separate fee for it. The remuneration of the Deputy to the CEO is based on the person's primary job in the company's organisation.

The short-term incentive plan of the Deputy to the CEO is based on a performance bonus scheme and its performance and result criteria, which are applicable to the company's whole personnel and approved by the Board for one year at a time. The compensation paid under the short-term performance bonus scheme shall account for no more than half of the amount of fixed annual compensation. If applicable, the long-term incentive plan for the Deputy to the CEO shall be governed by the same principles as those

adopted by the Board for the long-term incentive scheme for other management and key personnel, if such is in place.

#### **d. Conditions for postponing payment and possible recovery of fees**

Shares earned on the basis of the long-term incentive plan are subject to transfer restriction, which requires the shares to be held for the period agreed upon in the plan (at least two years) from their acquisition.

The Company may cancel or recover any remuneration under the incentive schemes in the event of obvious misuse or in circumstances where the financial or other calculations on which the remunerations based are found to be incorrect.

### **5. Prerequisites for temporary deviations**

It is possible to temporarily deviate from the remuneration policy for the purpose of safeguarding the company's long-term interests. In principle, deviations are only possible under exceptional circumstances. In assessing the company's long-term interests, account shall be taken of, inter alia, the company's long-term financial success, competitiveness, and development of shareholder value.

In exceptional circumstances, the company's main operating conditions may change, for example as a result of the replacement of the CEO or the Deputy to the CEO, or a joint arrangement such as a merger or an offer to buy the company. The operating conditions may also change due to regulatory developments, such as changes in taxation. The current executive remuneration policy would no longer be appropriate under the changed circumstances. The deviation may apply to both the short-term and long-term incentive schemes.

If a temporary deviation from the remuneration policy concerns the remuneration of a new CEO or Deputy to the CEO, or if the deviation was due to a joint arrangement or other comparable abnormal situation, the new terms of remuneration shall be in force as agreed, irrespective of the duration of the temporary deviation. Any temporary deviations are described in the annual remuneration report, which will be discussed at the next Annual General Meeting.

### **6. Validity**

This remuneration policy shall be presented to the shareholders at SRV's Annual General Meeting of 2020. The remuneration policy shall remain valid until the Annual General Meeting of 2024, unless the Board finds it necessary to make significant changes before that, in which case the changes need to be presented to the General Meeting.