Nixu Corporation’s remuneration policy

1. Introduction

This remuneration policy describes the principles and decision-making processes that Nixu Corporation (“Nixu” and/or “Company”) applies to the remuneration of its Board of Directors, CEO and Deputy CEO (if any).

The remuneration policy has been prepared in accordance with the Finnish Corporate Governance Code 2020, which took effect on 1 January 2020. This remuneration policy is in effect until the Company’s 2024 annual general meeting, unless the Board of Directors presents to the annual general meeting a proposal for a new remuneration policy prior to that. This remuneration policy for the governing bodies will be on the agenda of the Company’s annual general meeting on 7 April 2020 and it is available on the Company’s website starting from 13 March 2020 and for the duration of its validity period.

The objective of the remuneration policy is to promote the Company's business strategy, long-term financial success and sustainable growth of shareholder value. The basis of the remuneration policy is the Company’s business strategy and objectives. Its purpose is to encourage, engage and steer the actions of persons working in the Company's governing bodies by encouraging and rewarding individuals for their personal performance and contributions in accordance with the Company's strategy and financial performance.

The employment terms and conditions and remuneration methods applied to the Company's employees are taken into account in the remuneration policy so that the entitlement criteria for the CEO’s variable pay and the related objectives are aligned with the other personnel groups.

The Company publishes an annual remuneration report concerning the governing bodies in accordance with the applicable legislation and the Finnish Corporate Governance Code (“Corporate Governance Code”), which was published by the Securities Market Association and took effect on 1 January 2020. The report provides information on the remuneration paid to the members of the Company’s Board of Directors and CEO for each year.

2. Description of the decision-making process

The remuneration policy is presented to the annual general meeting at least every four years and whenever material changes have been made to it. The annual general meeting has a consultative role when considering the remuneration policy in accordance with the valid legislation, and shareholders cannot present changes to the remuneration policy presented in the annual general meeting. The Board of Directors prepares the remuneration policy that is presented to the annual general meeting and is responsible for evaluating and ensuring that the votes of the previous annual general meetings and the comments of shareholders are taken into account in the new remuneration policy. The Board of Directors is responsible for the implementation and monitoring related to the remuneration policy.

In addition to the remuneration policy, Nixu publishes an annual remuneration report providing details of the remuneration paid to the governing bodies and provides, on its website, information on the remuneration systems applicable to the Board of Directors and CEO. In addition, summarized information on the remuneration of the Leadership Team as well as the remuneration principles will be published on its website.

The annual general meeting decides on the remuneration of the Board members as a separate item. The Company has not appointed a shareholders’ nomination committee that would prepare proposals on the remuneration of the Board of Directors. However, the Company may establish such a committee in the future. The Company has so far followed a procedure whereby some of the shareholders have made a proposal on the remuneration of Board members to the annual general meeting.

The Company's Board of Directors decides on the remuneration of the CEO and Deputy CEO and the employment terms and conditions within the framework of the remuneration policy valid at the given time. The Company has no separate remuneration committee, but the Board of Directors acts as a collegial body responsible for matters related to remuneration. The Board of Directors may establish a remuneration committee in the future.

According to the Limited Liability Companies Act, the annual general meeting, or the Board of Directors based on an authorization of the annual general meeting, decides on the issuance of shares, options or other special rights entitling to shares as a part of remuneration. Such actions must comply with the remuneration policy and promote the congruence of the interests of the governing bodies and shareholders.

In addition, any conflicts of interest are always considered on a case-by-case basis when approving, evaluating and implementing the remuneration policy. In order to avoid any conflicts of interest, the Company's CEO is not a member of the Board of Directors. Shareholders decide on the remuneration of the Board in the annual general meeting.

3. Description of remuneration

3.1 Remuneration of the Board of Directors

The annual general meeting decides on the remuneration paid to the Board members one term at a time. The decision on the remuneration of the Board members must be based on a valid remuneration policy that was presented to the annual general meeting. The remuneration of the Board may consist of one or more elements, such as annual compensation and/or a monthly fee, meeting fees or other fees. In addition, remuneration to the Board members may be paid in cash or, fully or partly, as shares or options.

Remuneration paid to the Chair, Deputy Chair and members of the Board must reflect in a fair and proportionate manner the responsibilities of each role and the work effort and qualifications required by each role.

3.2 Remuneration of the CEO

The remuneration of the Company’s CEO is decided by the Board of Directors within the framework of this remuneration policy. The principles set out herein are also applied to the remuneration of a Deputy CEO (if any). The objective of the remuneration of the CEO is to provide competitive overall remuneration at the market level, and a significant proportion of the remuneration is made up of variable pay based on performance. The remuneration of the CEO includes a fixed annual salary, variable pay elements (such as short and long-term incentive plans) and possibly other financial benefits, such as pension plans and fringe benefits. In addition, the Board of Directors has the right to decide, as necessary, on any one-off remuneration elements concerning the CEO and Deputy CEO, such as a stay bonus, sign-on bonus and compensation for termination of employment.

3.2.1 Remuneration components and their relative proportions

The total remuneration of the CEO consists of a fixed base salary (including any employee benefits) and variable, performance-based remuneration. The Board of Directors determines the CEO’s fixed base salary on an annual basis, while taking into account the CEO’s professional competence (education, scope of expertise and professional experience), organizational responsibilities and the general remuneration level for corresponding positions. The Board of Directors determines the terms and conditions for performance-based remuneration on an annual basis so that they support the Company's financial and strategic objectives and its long-term financial success in accordance with the shareholders’ collective interests. The maximum euro amount of variable compensation payable to the CEO is determined on an annual basis.

The variable, performance-based remuneration paid to the CEO may include both short-term performance bonuses and long-term incentive programs. Short-term bonuses are typically paid every six months in cash. The CEO's annual performance-based pay may be up to 100% of the fixed annual salary.

Cash is typically used for remuneration, but the benefits may also include shares, options or other share-based rights or other securities.

3.2.2 Principles for determining the variable remuneration components (if any)

The Board of Directors decides on the incentive plan for the CEO and sets annual individual objectives for the CEO. The Company's long-term incentive programs aim to ensure the Company's long-term success, the creation of shareholder value and the commitment of the CEO, in addition to which the objective is to increase the number of Company shares owned by the CEO. The Board of Directors decides on the form, entitlement criteria and other details of long-term incentives so that they always support, in the best possible way, the Company's business strategy and the long-term value creation for the shareholder collective. Long-term incentive plans may include, for example, option and share reward or share savings schemes, with the Board of Directors deciding on them in accordance with authorization granted by the annual general meeting. The total timespan of the schemes is typically at least three years, in order to ensure that the systems are consistent with the shareholders' interests in the long term.

The CEO's shareholding in the Company strengthens the joint interests of the CEO and shareholders in the long term. Regarding long-term incentive schemes, the Board of Directors may impose obligations concerning the purchasing of shares and continuous ownership of shares, which promote shareholding. In addition, the recommendation is that the CEO participates in potential share savings schemes offered to employees. The Board of Directors assesses performance and the achieving of objectives and takes that into account when making decisions concerning an incentive plan. In particular, the Company's long-term performance and risks are considered when evaluating the results.

3.2.3 Other key terms applicable to the employment relationship

The age of retirement and supplementary pension arrangements are decided by the Board of Directors in accordance with the standard practices in the local market. At the moment, the statutory employee pension arrangements in Finland are applied to the CEO, and there are no other agreements concerning supplementary pension arrangements or the age of retirement.

The Company may terminate the CEO's employment relationship with six months' notice, whereas the CEO may terminate it with a three months' notice. If the employment relationship is terminated due to reasons attributable to the Company, the CEO is entitled to receive from the Company compensation equivalent to a total salary of six months, including holiday pay and with no obligation to work. More detailed terms and conditions of employment are defined in the agreement concluded with the CEO.

3.2.4 Terms and conditions for postponement of remuneration and potential claims for recovery

The Company's Board of Directors has the right to reduce any remuneration included in the annual performance-based pay and long-term remuneration programs or postpone their payment to a time that is more appropriate from the Company's perspective when, for example, changes in circumstances that the Company cannot control or other changes in circumstances would result in a detrimental or unreasonable outcome for the Company or CEO if the system was applied. In addition, the Board of Directors has the right to recover all or part of any already paid performance bonuses if the Company's financial statements have to be modified and that has an impact on the amount of the bonus, or if the objectives of the system have been manipulated or the Company's business interests, the Criminal Code of Finland, legislation concerning the employment relationship or the Company's decision-making policy and ethical guidelines have been violated or if there has been other unethical conduct.

4. Criteria for temporary deviations

The Company's governing bodies are remunerated within the framework of this remuneration policy. However, the Board of Directors may, after careful consideration, decide to deviate from the remuneration policy presented to the annual general meeting in the following specific circumstances:

- Change of CEO
- Significant corporate transactions, such as acquisitions or divestments, company splits or other corporate transactions that the Board deems significant
- Significant change in the Company's business strategy
- Immediate need to ensure commitment due to external factors
- Immediate need to promote the CEO's increased ownership in the Company
- Changes in legislation, regulations, taxation or similar factors affecting the operating environment
- Other possible scenarios

Deviations always require that the deviation is made in order to ensure the Company's long-term interests. When assessing the Company's long-term interests, the factors that can be considered include, for example, the Company's long-term financial success, competitiveness and the development of shareholder value.

Decisions concerning temporary deviations are made by the Company's Board of Directors in accordance with its decision-making process.

The Board carefully evaluates whether the change in circumstances is such that the deviation from the remuneration policy is estimated to continue otherwise than temporarily. In this case, the Company will prepare a new remuneration policy, which will then be included on the agenda of the next possible annual general meeting. If a temporary deviation from the remuneration policy concerns the remuneration of a new CEO or Deputy CEO, or if a policy deviation took place due to a corporate transaction or other similar exceptional situation, the new terms and conditions for remuneration are in effect as agreed regardless of the duration of the temporary deviation.

The Company provides detailed information on any temporary deviations in the annual remuneration report, which is included in the agenda of the next annual general meeting.