

Remuneration

Introduction to remuneration at Toivo

The objective of the remuneration policy is to promote the company's long-term financial performance and help implement Toivo's strategy. The primary purpose of this remuneration policy is to ensure that Toivo applies performance-based remuneration to reward employees for their commitment to Toivo's strategy in a simple, open and clear manner. The remuneration policy is based on the following key criteria:

- the company offers competitive earnings in terms of the overall remuneration;
- the company emphasises performance-based remuneration by ensuring that some of the CEO's overall remuneration is based on a share-based incentive plan.

This remuneration policy will comply with the remuneration practices applied to Toivo's personnel. This can be seen, for example, in the criteria applied to variable remuneration derived from the company's strategy to support the company's profitable growth, which the CEO and other personnel partly share.

Decision-making process

Toivo Group's remuneration principles and policies are addressed by the company's Board of Directors. The company does not have a remuneration committee appointed by the Board of Directors for the administration of the remuneration scheme. It has not been considered necessary, taking into account the nature and scale of the company's operations.

Remuneration at Toivo is managed through clearly defined processes together with the Annual General Meeting and the Board. The Board of Directors prepares the remuneration policy for further presentation to the Annual General Meeting every four years, or when significant changes are made to the policy. The Annual General Meeting decides on the remuneration of the members of the Board of Directors annually, based on a proposal by the largest shareholder, which takes into account the remuneration principles of Toivo's Board of Directors. The Board of Directors' remuneration principles cannot restrict the shareholders' ability to decide on the Board of Directors' remuneration. The Board of Directors approves the remuneration of the CEO annually based on the aforementioned proposal within the framework of this remuneration policy. The Board of Directors monitors and evaluates remuneration implementation annually and ensures compliance with the remuneration policy. The CEO may be granted company shares, options or other rights entitling to shares as a form of remuneration, which serves the shared interests of the CEO and the shareholders. Decisions to issue shares, options and other special rights entitling to shares that may be used for remuneration are made by the Annual General Meeting or the Board of Directors with the Annual General Meeting's authorization. The company's remuneration decision-making process takes potential conflicts of interest into account. To avoid conflicts of interest, the CEO does not serve as a Board Member of the company nor contribute to any decisions regarding the CEO's remuneration.

Remuneration of the Board of Directors

The Annual General Meeting determines the annual remuneration of the Board of Directors members in accordance with the remuneration policy and applicable legislation. The annual remuneration of the Board of Directors may be paid in cash, shares or a combination of the two. The largest shareholders make a proposal regarding the remuneration for the Board of Directors, who then prepare a proposal for the Annual General Meeting regarding the remuneration of the Board of Directors. When proposing the remuneration, the largest shareholders take into account the responsibilities and obligations of

the members of the Board of Directors towards the company. In addition, the largest shareholders compare the remuneration with that of the Board of Directors with other companies of comparable size operating within a comparable business environment. Due to the nature of the Board of Directors' duties and responsibilities, the Board's remuneration is not tied to the company's performance. If, exceptionally, a member of the Board of Directors is employed by the company, the Annual General Meeting determines his or her compensation for serving on the Board. The terms and conditions of employment for a member of the Board of Directors are determined according to the company's normal practice and the function and role of the member.

Remuneration of the CEO

The remuneration of the CEO may consist of a fixed base salary (including ordinary fringe benefits and any other benefits), a variable salary component, and a pension benefit. The variable salary component includes both short- and long-term incentive schemes, where applicable. The purpose of variable remuneration is to guide the CEO in achieving the company's short- and long-term financial and operational targets, support the implementation of the company's strategy, and increase shareholder value and the CEO's commitment to the company. To emphasise the relation between remuneration and the development of Toivo's shareholder value, share-based incentive or option schemes may be used as a long-term incentive scheme in accordance with the discretion of the Board of Directors, the remuneration policy, valid authorisations and applicable legislation. The Board of Directors measures the variable remuneration annually using the fair value of the target level. At the target level, the variable remuneration forms a significant part of the CEO's total remuneration. The remuneration components for the company's CEO are set out below. The current remuneration of the CEO and a detailed description of the total remuneration can be found on Toivo's website.

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

Discretion and clawback

Remuneration for the variable remuneration component (remuneration for short- and long-term incentive schemes) for the CEO is subject to discretion (pre-payment adjustment) and clawback (clawback of remuneration already paid) if Toivo's financial statements need to be restated due to material misconduct or actions against Toivo's interests, and if these changes affect the remuneration amount in the event of manipulation of the performance criteria and performance levels of the incentive schemes or violation of business or employment legislation, or other unethical conduct. Any exercise of discretion or clawback is reported in the annual remuneration report.

Temporary deviation from the remuneration policy

The Board of Directors may, at the recommendation of the largest shareholders and exercising its full discretion, temporarily deviate from all sections of this remuneration policy in the following situations:

- in the event of a change in the CEO or Deputy CEO (if any);
- in the event of structural changes in the company, organisation, ownership or business (e.g. mergers, takeovers, demergers, acquisitions, etc.) that may require changes to short- and long-term incentive schemes or other elements of remuneration to ensure continuity of corporate governance; or
- in all other circumstances where it may be necessary to deviate from the remuneration policy to ensure the long-term interests or viability of the company.

All deviations from the remuneration policy will be carefully considered by the Board of Directors and will be openly notified to shareholders no later than in the next remuneration report, which will be addressed at the next Annual General Meeting. Where a temporary deviation continues to the extent that it can no longer be considered temporary, the Board of Directors shall present a new remuneration policy at the next Annual General Meeting.