

## Remuneration Statement for the Financial Period 2019

This is the statement, in accordance with the Corporate Governance Code 2015 for Finnish listed companies published by the Finnish Securities Market Association, on remuneration of the Innofactor Plc's members of the Board of Directors, CEO, and members of the Executive Board. The Code is available on the web site of the Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi).

### The decision-making order concerning remuneration

#### Remuneration Committee

Innofactor Plc's Remuneration Committee makes proposals to the Board of Directors in respect of remunerations of the company's CEO and other executives of the Group as well as on the principles and practices of the employee remunerations. The Remuneration Committee observes and evaluates the competitiveness of the incentive and compensation plans of the Group.

The Board of Directors appoints the CEO for the Group and decides on the terms of the CEO's employment and remuneration. The proposition concerning remuneration is prepared for the Board of Directors by the Remuneration Committee.

The Board of Directors also appoints the members of the Executive Board. According to the company's policy,

all individual decisions on remuneration need to be submitted to the superior of the superior for acceptance. Decisions on remuneration of Executive Board members are presented by the company's CEO to the Board of Directors or the Chairman of the Board for acceptance.

The Board of Directors has an authorization from the Annual General Meeting to issue 3,600,000 shares or special rights entitling to shares and an authorization to decide on the repurchase of a maximum of 3,600,000 of the company's own shares. Both authorizations include the right to use the shares as a part of the company's incentive plans. The Board of Directors has not exercised these authorizations for remuneration purposes.

### Main principles of remuneration

#### Members of the Board

The Annual General Meeting in 2019 decided that the fee of the Chairman of the Board of Directors is 48,000 per year and the fee for other members of the Board of Directors is EUR 24,000 per year. No separate compensation for meetings is paid. Half of the compensation (50%) is paid in cash and the other half (50%) as shares of Innofactor Plc. In case shares will not be acquired due to a reason arising from the company or the Board member, the entire fee will be paid in cash. Innofactor Plc requires the members of the Board of Directors to keep the shares, which they have received

as part of the compensation, for the duration of their membership in the Board of Directors. The members of the Board of Directors shall not be given options as a compensation for their work in the Innofactor Plc's Board of Directors.

The members of the Board of Directors receive no other financial benefits.

#### CEO

The CEO remuneration consists of a fixed monthly salary and result-based bonus.

The CEO is entitled to a result-based bonus defined by the Board of Directors annually and, at the maximum, the bonus can equal the annual total of the fixed monthly salary. The bonus is based on the growth of the company's net sales and profitability, which affect significantly the long-term economic success of the company. The said indicators are part of Innofactor Plc's strategic Key Performance Indicators (KPI) and they are monitored by the Board of Directors on a monthly basis. Only business profit can be used for paying the bonus.

The CEO is entitled to a total of five weeks of vacation per year. The CEO is paid annually a holiday bonus, which is 50 percent of the amount corresponding to the salary for the vacation period.

The CEO is paid salary for a maximum of three months annually when he/she is prevented from working by an illness or an accident.

The CEO has the right to participate in the reward and incentive systems created by the company for the personnel in general or for the management in particular, such as share-based systems or option systems.

The CEO has the lunch benefit, health care in accordance with the company policy, mobile phone benefit, health insurance, life insurance, and pension insurance. Currently, the CEO has no other fringe benefits.

When the CEO is a member of the company's Board of Directors, he/she is entitled to the fee defined to be paid for the work in the Board, but no right to fees from any other governing bodies of the Group.

The CEO's retirement age and the basis for calculating the pension comply with the effective Employee Pensions Act.

The mutual term of notice of the CEO is 6 months. If the company terminates the CEO's contract, the CEO will be paid the salary for the period of notice and also, as a compensation for the termination, a one-time payment equaling to the CEO's 12 months' salary.

#### **Other management**

The Executive Board members are paid a fixed total salary, which includes the monetary salary and a taxable mobile phone benefit.

The members of the Executive Board are entitled to a result-based bonus defined by the Board of Directors annually and, at the maximum, the bonus can equal to 80 percent of the annual total of the fixed monthly salary. The bonus is based on the growth of the net sales, profitability, customer satisfaction, and employee satisfaction all of which affect significantly the long-term economic success of the company. The said indicators are part of Innofactor Plc's strategic Key Performance Indicators (KPI) and they are followed by the Board of Directors on a monthly basis. Only business profit can be used for paying the bonuses.

The Executive Board has no additional pension system. The Executive Board members have the lunch benefit, health care in accordance with the company policy, mobile phone benefit, health insurance, life insurance, and no other fringe benefits.

The Executive Board members' retirement age and the basis for calculating the pension comply with the effective Employee Pensions Act.

The mutual term of notice of the Executive Board members is 3-6 months, depending on the contract. If the company terminates the contract with an Executive Board member, no compensation for the termination will be paid.

The Board of Directors defines the principles for the salary and incentive systems for other management. The goals are set based on the company's result, sales goals and customer satisfaction.

## **Remuneration report**

### **Board of Directors**

The members of the Board of Directors of Innofactor Plc were paid a total of EUR 120,000 in fees in 2019, of which EUR 84,000 was paid in cash and EUR 36,000 in shares.

Detailed fees for 2019

<b>Board member</b>	<b>Fee in cash (EUR)</b>	<b>Fee in shares (EUR)</b>	<b>Total fee (EUR)</b>
Sami Ensio	24,000		24,000
Pekka Eloholma	24,000	24,000	48,000
Anna Lindén	12,000	12,000	24,000
Risto Linturi	24,000		24,000

### **CEO**

In 2019, the CEO was paid a total of EUR 286,610 in salary and compensation (excluding the compensation for the work in the Board of Directors).

### **Other management**

In 2019, the other members of Executive Board of Innofactor Plc were paid a total of EUR 775,745 in compensation.