

Remuneration of Neova Group Management Team (excl. CEO) 2021

Decision-making procedure concerning remuneration of Group Management Team

Neova's Board of Directors decides on the basic salary and other benefits of the Group Management Team (other management) as well as their short-term and long-term incentive schemes based on a proposal issued by the Board's Personnel Committee.

Neova's Board of Directors approves the Remuneration Policy that defines key remuneration principles, among other things. The Remuneration Policy is subject to advisory vote by the Annual General Meeting.

Key remuneration principles

The fixed salary of other management is defined as a total monthly salary that includes fringe benefits. They are also included in short-term and long-term incentive programs.

A fixed monthly salary refers to an individual's total monthly salary determined based on the level of competence required for the position as well as the individual's experience and performance.

Other management may be eligible for a car benefit, mobile phone benefit and medical insurance as part of their total remuneration.

Neova's Board of Directors decides annually or within any other timeline as may be the case for any given program on the performance indicators and targets for the short-term and long-term incentive schemes of other management as may be relevant. They are aimed at supporting the achievement of the company's strategic targets, including sustainability.

The incentive bonuses are paid in cash in accordance with the payment schedule of the incentive program in question. The bonuses paid under the various incentive schemes cannot under any circumstances exceed 80% of the fixed annual salary. Based on a proposal by the CEO, the Board of Directors decides on the achievement of the targets set relative to the performance indicators and the amount of remuneration.

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Short-term variable pay

Short-term variable pay is based on the possibility of earning an annual incentive bonus. The amount of incentive pay depends on the achievement of the financial and operational targets set at the beginning of the financial year.

At least 70% of the incentive pay is based on financial targets, such as EBITDA, and business related financial targets, and the remainder on operational targets and sustainability. Focus on Sustainability target in 2021 was in selected key sustainability projects. The payment of incentive bonuses is also subject to the achievement of a certain minimum level in terms of the financial targets, which was exceeded in 2021.

The maximum incentive pay corresponds to 40% of the annual salary for the the director of the Grow&Care division and 30% of the annual salary for the other members of other management. In 2021 average achievement of STI targets for other management was 21,6% of annual fixed salary

Long-term variable pay

Long-term incentive scheme currently in force is a five-year plan 2019-2023, which consists of four two-year earnings periods (2019-2020, 2020-2021, 2021-2022, 2022-2023). The incentive scheme provides the participants with the opportunity to earn a monetary bonus for achieving earning criteria set separately for each earning period by the Board of Directors. The Board decides on the earning criteria and targets for each earning period. Targets consist of financial and other strategic targets, which includes a sustainability target. The Board sets a starting level, target level and maximum level for the target for each earning criteria.

The maximum incentive pay corresponds to 40% of the annual salary for the director of the Grow&Care division and 30% of the annual salary for the other members of other management.

The second tranche, 2020-2021, of the currently ongoing LTI program 2019-2023 ended at the end of December 2021. Average achievement of those eligible for respective earnings period in other management was 9,6% of the annual fixed salary.

Pension plans

Other management is covered by a pension scheme pursuant to the Employees' Pensions Act. In addition, those members of other management whose managerial employment agreement entered into effect before 23 November 2017 are entitled to a defined contribution collective supplementary pension insurance to which the employer contributes an amount equivalent to 10% of their total annual salary (12 x monthly fixed salary) every year. The company has an agreement with a pension insurance company on said supplementary pension rights. The supplementary pension program for senior management was closed on 23 November 2017. Members of other management appointed after the aforementioned date will no longer have the right to a supplementary pension as part of their contract terms.

Terms and compensation for termination of employment

The period of notice for other management is three months. In the event that their contract is terminated by the company, the members of other management shall have the right to a lump sum compensation for termination, corresponding to their fixed salary for three months. For contracts that entered into effect before 2013, the compensation for termination of members of other management corresponds to nine months' fixed salary.

Options and other share-based incentive schemes

The company does not have option plans or other share-based incentive schemes.

Remuneration of other management in 2021

Salaries and fees of the members of the Group Management Team *	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
Monetary salary	1 418 176	1 473 504
Fringe benefits	49 103	60 339
Total fixed salary	1 467 279	1 533 842
Variable pay	560 575	395 075
Total remuneration	2 027 854	1 928 917
Supplementary pension	65868	82 568

* excl. CEO