RELAIS

RELAIS GROUP PLC
REMUNERATION POLICY

Relais Group Plc Remuneration Policy

1. Introduction

This remuneration policy (the "Remuneration Policy" or the "Policy") of Relais Group Plc ("Relais Group" or the "Company") defines the principles for the remuneration of the Company's governing bodies, i.e. the Board of Directors as well as the CEO.

The Board of Directors is responsible for preparing the Remuneration Policy, presenting the Remuneration Policy at the General Meeting of shareholders and answering any question related thereto. The Board of Directors is also responsible for preparing an amended Remuneration Policy whenever the General Meeting has opposed a Remuneration Policy or whenever substantial changes are made to an approved Remuneration Policy, which are not merely of a technical nature and which are not covered by the possibility of a temporary deviation defined in the Remuneration Policy.

The Remuneration Policy has been prepared in accordance with Finnish law, including the Finnish Securities Market Act (746/2012, as amended), the Finnish Companies Act (624/2006, as amended), the Ministry of Finance Decree 608/2019 and the Finnish Corporate Governance Code.

The Remuneration Policy will be presented to the shareholders at the Annual General Meeting to be held in the spring of 2023. The shareholders may take an advisory vote on the Policy, but may not amend it. Remuneration of the Company shall be based on the Policy regardless of the vote.

The remuneration of the Board of Directors, the CEO and a possible deputy CEO shall be in line with the Company's latest Remuneration Policy. The Remuneration Policy will be presented to the shareholders at the Annual General Meeting at least once every four years and whenever substantial changes are made to the Policy.

1.1 The Company's Remuneration Principles

The remuneration principles set out in the Policy shall guide the Company's incentive structure and performance metrics. The Company's principles of renumeration are designed to align the interests of directors, officers, employees and shareholders while supporting the Company's pay-for-performance principle. The objectives of the Company's incentive plans are to drive its strategy and create long-term, sustainable performance with increased shareholder value. The Board of Directors regularly observes the performance of the Company's remuneration schemes in order to ensure that the measures selected foster the Company's business strategy and long-term financial success.

The Company's Remuneration Policy has been designed to align the interests of Relais Group's management with those of the company's shareholders and, thus, to promote shareholder value creation in the long term and to support the execution of the Company's strategy. Furthermore, the remuneration programs aim to retain key persons and create long-term commitment in order to achieve shared goals.

Each element of the remuneration has been balanced in order to facilitate the continuous positive development of the Company both in the short term and the long term. The Policy is in line with the Company's strategic plan, particularly in terms of the targets chosen to incentivize management in the short-term and long-term remuneration and the weighting of those targets. When determining the size and composition of incentive arrangements and the split between variable and fixed renumeration, the Board of Directors shall carefully consider the principles of the Policy, including the aim of supporting the achievement of the Company's strategic goals.

Exceptional achievements are to be rewarded adequately, while falling short of targets is to result in an appropriate reduction in remuneration. Base salaries are normally determined taking into account market median practice as well as the individual's current salary and those at a similar level to him/her in the Relais Group. While individuals have the potential to earn total compensation at an upper level where sustained business and personal outperformance can be demonstrated. Equally, where performance does not meet business and personal targets the variable pay outcomes will be reduced, ultimately to zero.

1.2 Shareholder Interests and Consistency with the Company's Employee Remuneration Framework

The company's approach in determining and evaluating the CEO's remuneration is mainly similar to that of other key personnel in the company, as the role and responsibilities of the CEO affect the amount of the remuneration.

When deciding on the CEO's remuneration and its changes, domestic and international companies similar in size, structure and demands are taken into account as indicative peers. The CEO's performance indicators reflect his performance, competence and skills, with the focus of remuneration being on increasing shareholder value. Changes in the size, structure and business operations of the company are also taken into account.

2. Decision-making process

Remuneration is managed through the clearly defined processes and governance principles outlined below. The decision-making process comprises the assessment, approval and implementation of the Policy. The Company complies with the Finnish Companies Act and the Finnish Corporate Governance Code which, among others, set out independence requirements for the members of the Board of Directors and its committees (if any), as well as procedures to prevent conflicts of interest and to ensure that persons with a conflict of interest do not participate in the preparation or making of a decision.

2.1 The Annual General Meeting

The shareholders discuss the Remuneration Policy and may take an advisory vote on the Policy at the Company's Annual General Meeting at least once every four years and whenever substantial changes are made to the Policy. The general meeting of shareholders decides each year on the remuneration payable to the Board of Directors and may also resolve to or authorize the Board to resolve to issue shares and stock options in connection with Board and CEO remuneration.

2.2 The Board of Directors

The Board of Directors approves the remuneration of the CEO, including the fixed base salary, variable remuneration components and other benefits. Further, the Board of Directors prepares the proposal for the remuneration of Board members to the General Meeting and, based on the shareholders' authorization, may resolve to issue shares and/or stock options.

The Board of Directors is responsible for reviewing and preparing overall compensation policies. The Board of Directors is also responsible for ensuring that the CEO is rewarded appropriately for his/her contributions to the Company's growth and profitability and that compensation policies are aligned with the Company's business strategy, long-term financial success and shareholder interests. The Board of Directors also reviews and evaluates on at least an annual basis the Company's compensation and other benefit plans, including incentive compensation and equity-based plans and programs.

The Board of Directors reviews and prepares corporate goals and objectives relevant to the compensation of the CEO. The Board of Directors also evaluates the performance of the CEO in light of these goals and objectives and prepares a proposal to the Board on the compensation of the CEO (including each of the components thereof) based on its evaluation.

The Company may use external consultants when reviewing and determining the compensation payable to the Board of Directors and the CEO.

3. Remuneration of the Board of Directors

The Company's shareholders decide annually at the Annual General Meeting on the remuneration of the Board of Directors. The decision is based on a proposal made by the Board of Directors to the Annual General Meeting. The Company's Remuneration Policy must not limit the power of shareholders to determine Board members' remuneration at general meetings.

When making its recommendation, the Board of Directors may consult major shareholders regarding potential changes to remuneration arrangements and take into account relevant benchmarks for other Nordic and international companies of a similar size and complexity. Remuneration of the Board members is set at an appropriate level to recruit and retain Board members of a sufficient caliber and experience. The remuneration structure is designed to ensure the Board's focus on the long-term success of the Company.

Remuneration for the Company's Board members does not include pension payments and members of the Board of Directors are not included in Relais Group's short- or long-term incentive programs.

4. Remuneration of the CEO

4.1 Remuneration Components

The CEO's remuneration shall consist of fixed and variable pay components. In addition to an annual base salary, remuneration components can include short- and long-term incentives, pension arrangements, fringe benefits and other financial benefits. The same principles and components at a general level are applied to the remuneration of the deputy CEO, if any. The monetary value of the deputy CEO's remuneration shall however, not exceed the total compensation of the CEO. At the time of publication of this Remuneration Policy, the company has not appointed a deputy CEO.

Remuneration components	Purpose and link to strategy	Description
Base salary (Fixed remuneration component)	The base salary rewards the CEO for the day-to-day performance of his/her duties and ensures a balanced overall remuneration package. The base salary supports the recruitment and retention of the CEO of the caliber required to develop and deliver the Company's strategy, and reflects the size and scope of the CEO's responsibilities and the CEO's experience.	The fixed base salary consists of a fixed annual cash salary. The base salary is normally reviewed annually by the Board of Directors taking into consideration a variety of factors, including the following: • skills, experience and performance of the CEO • performance of the Company • relevant market conditions • remuneration at peer group companies • changes in individual responsibilities • employee salary increases • changes to the Company's business, structure and size.
Pension (Other financial benefit)	Appropriate level of retirement benefits are provided as part of a holistic benefit package.	Retirement arrangements reflect relevant market practice. In Finland, the pension is determined on the basis of the statutory Finnish pension system and a potential separate private pension plan arranged by the Company. The CEO may be granted entitlement to a life insurance on behalf of Relais Group in accordance with a contribution-based agreement concluded with the Company.
Short-term incentive (STIP) (Variable remuneration component)	The purpose of the STIP is to incentivize and reward performance against delivery of the Company's annual business plan, including annual financial, operational and strategic goals.	Annual STIP bonus arrangements encourage and reward the delivery of short-term business objectives. Annual bonus payments are conditional upon meeting in full or in part the specific conditions and targets. The annual bonus may be based on a mix of financial, operational, strategic, and individual performance measures. The exact metrics are determined each year depending on the key goals for the forthcoming year and the annual bonus is normally paid in cash. For further details on performance metrics and weightings, see the Company's annual remuneration report. The maximum payout for the annual incentive is capped and may be up to 50 % of the annual base salary.

Remuneration components	Purpose and link to strategy	Description
Long-term incentive (LTIP) (Variable remu-neration component)	The purpose of the LTIP is to reward the CEO for delivering sustainable long-term performance and creating sustainable shareholder value aligning the economic interests of the CEO and shareholders, and ultimately all stake-holders.	The CEO participates in the new share-based long-term incentive plan for the company's management decoded by the Board of Directors on 25 February 2021. The objectives of the plan are to align the interests of Relais Group's management with those of the company's shareholders and, thus, to promote shareholder value creation in the long term as well as to reward and retain the company's management. The rewards payable under the plan will be paid in cash based on the value of a specific number of incentive units included in the plan. The maximum aggregate number of incentive units to be settled in cash based on the Plan is 258,000 units The incentive units are allocated to the participants free of charge. The value of each incentive unit is linked to Relais Group's share price development during the plan period. The earned reward represents a gross earning, from which the applicable payroll tax is withheld. The incentive units allocated to the participants are divided into three separate tranches. The potential rewards payable under these tranches will be paid during the first half of the years 2023, 2024 and 2025 respectively. The threshold price of each incentive unit in each of the three tranches is the trade volume weighted average price of Relais Group's share on the First North Growth Market Finland marketplace of Nasdaq Helsinki Ltd during the last twenty-five trading days preceding March 16, 2021. The end price of each incentive unit is the trade volume weighted average price of Relais Group's share on the main list of Nasdaq Helsinki Ltd during the twenty-five trading days following the publication date of Relais Group's annual results for the year immediately preceding the year of payment, i.e., for the years 2022, 2023 and 2024 respectively. The threshold price of the incentive unit is deducted with the dividends paid between the start and end price determination periods. The amount of the reward payable based on the Plan is limited by a maximum cap linked to the company's share price devel-opment.
Other benefits and programs (Other finan-cial benefits/ fixed remuneration components)	The purpose is to provide a market-competitive level of benefits for the CEO and to assist him/her in the performance of his/her role and to support recruitment and retention.	The benefits are set at an appropriate market-competitive level taking into account standard practice and the level of bene-fits provided for other directors in the Company. Benefits may include (but are not limited to) monetary and non-monetary benefits such as a mobile telephone, laptop, company car, risk benefits (e.g. life and disability insurance), annual health check, newspaper subscriptions, employer contributions to insurance plans (e.g. medical insurance), relocation support, expatriate allowances, temporary accommodation and moving expenses, transportation expenses or reimbursement of expenses for legal advice and tax advice.

The Company may also consider whether it is appropriate to use other types of remuneration to meet the overall aims and objectives of the Company, including remuneration of a one-off or extraordinary nature, such as signing fees or stay bonuses.

4.2 Key Terms Applicable to Service Contracts

The CEO's minimum period of notice of termination is six months for both the Company and the CEO.

The CEO has a right to the notice period salary and for the performance bonuses until the date of the notice. In addition, when terminated by the Company, the CEO is entitled, under certain conditions, to an amount equivalent to a six months' full salary.

The CEO is entitled to a statutory pension and the retirement age is determined by the statutory earnings-related pension scheme. The CEO may be granted entitlement to a life insurance and supplementary pension payments on behalf of Relais Group in accordance with a contribution-based pension agreement concluded with the Company.

When determining leaving arrangements for the CEO, local legislation, country-specific policies, contractual obligations (including provisions concerning incentive arrangements or benefits), standard market practice and the performance and conduct of the individual may be taken into account. Any termination payment in lieu of notice will not generally exceed the value of six months' fixed base salary, financial benefits (including pension contributions) and other statutory rights. The circumstances of departure and terms of incentive instruments may affect the treatment of variable remuneration components. As a rule, all unvested variable incentive components are forfeited upon the termination of the service contract unless the Board of Directors decides otherwise.

4.3 Terms for Deferral and Clawback of Remuneration

The Company's long-term incentive plan includes a Synthetic Option Plan, which consists of plans in which the vesting period is 24-48 months based on decisions made by the Board of Directors.

In accordance with the remuneration terms applicable to share-based long-term incentives, the Board has the right to reduce a reward and/or postpone a reward payment to a later date that better suits the Company, if e.g. changes that are beyond the Company's control, or other circumstances, could lead to a harmful or unreasonable outcome for the Company or the CEO or another participant, while applying an incentive plan.

The Board has the right to cancel a reward fully or partly or to recover already paid rewards, as decided by the Board in each case, if:

- the Group's financial statements must be amended and that affects or could have affected the amount of the reward,
- if the achievement of requirements under an incentive plan have been manipulated,
- in case of any market manipulation,
- in case of any action against business interest of the Company; or
- in case of any action against criminal or employment-related law or against the ethical guidance of the Company or any unethical action.

4.4 New Hire Policy

In the case of a new hire, the Company will generally seek to align the remuneration package with the existing Remuneration Policy (while not limiting the generality of Section 5). The Company's policy on recruitment is to offer a compensation package which is sufficient to attract, retain and motivate the individual with the appropriate skills for the relevant role. When determining the remuneration for a new CEO, the Board of Directors will take into account all relevant factors, including the experience and caliber of the candidate, the candidate's current remuneration package and the jurisdiction the candidate is recruited from.

5. Requirements for Temporary Deviation

The Board of Directors may temporarily deviate from any provisions of this Remuneration Policy or the Policy as a whole (including for the avoidance of doubt the provisions under section 4.4. above) in its absolute discretion in the circumstances described below. A deviation from this Remuneration Policy needs to be expressly resolved by the Board of Directors. The purpose of a temporary deviation must be to ensure the Company's long-term interests taking into account long-term financial success, competitiveness and shareholder value development, among other things. The Board of Directors may temporarily deviate from any provisions of this Policy in the following circumstances:

- a change of the CEO; or
- material changes in the Company's structure, organization, ownership and business (for example in connection with a merger, takeover, demerger, acquisition, etc.), which may require adjustments to fixed or variable remuneration components or other financial benefits;
- regulations or taxation changes and the remuneration is no longer in accordance with the law, financially appropriate or reasonable; or
- any other scenario where a temporary deviation is considered necessary in order to ensure the long-term interests and viability of the Company.

6. Minor changes

Minor changes to the Remuneration Policy that are not considered material can be made without a requirement to present an amended Remuneration Policy to the general meeting of shareholders. Such changes can include, but are necessarily not limited to, technical changes to the decision-making process for remuneration, the terminology concerning the remuneration or a change in legislation.

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Relais Group Plc
Mannerheimintie 105
00280 Helsinki
Finland

www.relais.fi