Optomed Plc

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Remuneration policy

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1. INTRODUCTION

This Remuneration Policy (the Policy) presents the framework and governance for the remuneration of the members of the Board of Directors (the Board) and the CEO of Optomed Plc (Optomed or the Company).

The Policy has been prepared in accordance with the Finnish Limited Liability Companies Act, Securities Markets Act, Decree of the Ministry of Finance on the remuneration policy and remuneration report of a share issuer, and the Finnish Corporate Governance Code 2020.

The Policy has been prepared by the Board of Directors' Remuneration Committee and approved by the Board of Directors for presentation and adoption at the Annual General Meeting (the AGM) on 10 May 2024. There are no material changes proposed to the Policy. The description of decision-making regarding remuneration is proposed to be clarified. Additionally, a more illustrative description of the CEO's variable compensation is proposed. The previous policy was presented to the AGM on 11 June 2020. The resolution of the general meeting on the Policy is advisory. The Policy shall be presented to the general meeting every four years unless a revised policy is presented to the general meeting before that. Technical amendments to the Policy may be made due to e.g. statutory, regulatory, tax or administrative reasons without presenting a revised policy to the general meeting.

The CEO or executive directors shall not participate in the preparation of the Policy. Details of the Board members' and the CEO's actual remuneration will be disclosed in the annual remuneration reports, which will be presented to the AGM for advisory resolution.

All Optomed's shareholders are encouraged to attend the AGM to express their views on Optomed's remuneration principles and Policy, and Optomed welcomes all shareholders' feedback on the Policy and its implementation.

2. OPTOMED APPROACH TO REMUNERATION

The goal of the the Policy is to promote the Optomed's long-term financial performance and sustainable shareholder value creation by attracting, retaining and motivating executive management to drive the Optomed strategy in alignment with all essential stakeholder interests. The Policy's overriding objective is to ensure long-term pay-for-performance alignment at Optomed, that rewards for the delivery of Optomed's strategy in a manner which is simple, straightforward and understandable. The Policy aims to support attracting, retaining and motivating individuals with the suitable caliber to lead Optomed.

In general, the same remuneration principles and practices are applied to the CEO as to the other Company employees but given the CEO's specific role, as well as the demands and the responsibilities related to it, the CEO remuneration may from time to time include components that differ from those of other Company employees. The remuneration of the Company employees and the members of the Board is arranged separately. The remuneration principles and practices applied to the Board of Directors are described in the Board of Directors' Remuneration Policy section.

3. REMUNERATION GOVERNANCE

Oversight of the Implementation of the Policy

The Policy is prepared by the Board's Remuneration Committee and approved by the Board for presentation to the AGM. The Board's Remuneration Committee shall review the Policy at least annually. The Board monitors Optomed's remuneration practices to ensure alignment with the Policy.

The AGM resolves on the Board members' remuneration within the limits of this Policy. The proposal for the Board members' remuneration is prepared by the Shareholders' Nomination Board that consists of the representatives of the three largest shareholders.

The general meeting may decide on the actual payment of the shares to the CEO and also resolve to grant to the Board share-based (shares, options rights and other special rights entitling to shares) authorisations to be used for incentive or other purposes. Proposals for such authorisations are prepared by the Board.

The Board appoints the CEO and resolves on the CEO's service agreement. The proposal for the agreement is prepared by the Board's Remuneration Committee. The Remuneration Committee shall consist of non-executive Board members only The Board also resolves on the CEO's total remuneration annually within the limits of this Policy. The proposal for the remuneration is prepared by the Board's Remuneration Committee. The CEO may not be a member in any of the committees of the Board and may not participate in the preparation nor the decision-making regarding the CEO's own remuneration.

4. BOARD REMUNERATION

The AGM resolves on the Board members' remuneration within the limits of this Policy. The proposal for the Board members' remuneration is prepared by the Shareholders' Nomination Board. The basis for determination of the Board remuneration is to ensure that remuneration reflects the competencies and efforts required from the members of the Board in order to fulfil their duties. In order to promote the Board's shareholding in the Company, the AGM may decide to pay a part of the Board remuneration in Company shares.

In order to safeguard the Board members' independence in the performance of their duties, they may not participate in any performance-based incentive schemes or any of the same remuneration or incentive schemes as the Company's executive management. In the event that a member of the Board is in an employment, consultancy or service relationship with the Company, any agreements governing the relationship will be entered into in the ordinary course of business, reviewed and approved by the Company's Audit Committee and concluded on normal market terms. The relevant Board member may not participate to the preparation or decision-making on these agreements. The key terms of such agreements are disclosed in the Company's annual remuneration reporting.

5. CEO REMUNERATION

The aim of the CEO's remuneration is to drive and reward the achievement of the Company's strategic priorities and thereby promote the Company's long-term financial success, competitiveness and favorable development of shareholder value.

6. Remuneration components

The remuneration of the CEO consists of fixed components, such as base salary and fringe benefits, variable components, such as short- and long-term incentives, and potential other components, in line with the Remuneration Policy.

A significant portion of the CEO’s theoretical maximum total remuneration opportunity may be based on variable components. If so, the pay-out is dependent on the achievement of predetermined performance measures. The exact proportion of fixed remuneration in relation to variable remuneration, as well as the exact proportion of short-term remuneration in relation to long-term remuneration is set depending on the business stage and strategic goals of the Company at each time upon a remuneration decision, ensuring that the remuneration mix stays optimal.

The table on the following page summarises the possible key features of the CEO’s remuneration components.

COMPONENT	PURPOSE AND LINK TO THE STRATEGY	DESCRIPTION
BASE SALARY	• To attract and retain high caliber management to deliver the Company's strategic plans.	• Base salary includes taxable fringe benefits, such as e.g. company car and phone. • Typically reviewed annually as a part of the CEO's total remuneration. • The Board may consider various factors when reviewing the base salary, including e.g. market benchmark data, Company and individual performance and the scale and complexity of the CEO role.
SHORT-TERM INCENTIVE (STI)	• To drive, incentivise and reward performance against the annually set performance measures that support the execution of the Company's strategic priorities.	• The CEO's STI earning opportunity is set on a market-competitive level. If the outcome of the performance measures set for STI is good or outstanding, the CEO's earning under the STI may have a significant weight in his/her materialized total compensation. • Performance measures, weightings and targets for the selected measures are set annually by the Board of Directors to ensure they continue to support the Company's short-term business strategy. These can vary from year to year to reflect business priorities and typically include a balance of the Company's financial performance measures (for example profitability, cash flow or revenue measures) and non-financial measures such as for example safety or other environmental, social or governance measures provided that in any given year majority of weighting will be on financial performance measures. Details of performance measures for each year and how they support the short-term strategy will be disclosed in the annual Remuneration Report. • The reward is paid after the end of the performance period, based on achieved performance. The Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final payout level. No payout based on a metric, if the threshold for the metric in question is not reached. • The Board may use its discretion and adjust the terms and conditions of the short-term incentive plan or payout based on the plan.
LONG-TERM INCENTIVE (LTI)	• To retain the key talent and to drive, incentivise and reward sustainable long-term performance, and long-term increase in shareholder value in line with the Company's strategy. • To align the CEO's interests with those of shareholders.	• The CEO may have structurally different long-term incentive and retention systems in place, such as performance-based stock reward systems, special rights entitling to company shares (stock options), systems requiring the CEO's own investment in the Company's shares, time and tenure-linked stock reward systems, or other systems determined by the Board. • LTI plans include vesting periods of individual length, being typically three (3) years. • The payment of the reward depends on the continuation of the employment relationship, and in performance-based incentive systems, additionally on achieving the performance goals set by the Board.

		• The CEO's LTI earning opportunity is set on a market-competitive level. If the outcome of the performance measures set for LTI is good or outstanding, the CEO's earning under the LTI may have a significant weight in his/her materialized total compensation. • Performance measures, weightings and targets for these selected measures are set by the Board of Directors for each commencing LTI plan, to ensure they continue to support the Company's long-term strategy. Performance measures may include, but are not limited to, financial and, share-price related, non-financial and ESG measures. Details of performance measures for each year and how they support the long-term strategy will be disclosed in the annual Remuneration Report. • The Board of Directors reviews the performance and determines the extent to which each of the targets have been achieved, to determine the final payout level. No payout based on a metric, if the threshold for the metric in question is not reached. • The Board may use its discretion and adjust the terms and conditions of the long-term incentive plan or payout based on the plan. The potential reward may be paid partly in cash.
PENSION	• To provide a competitive pension arrangement in line with market practice.	• Pension arrangements are designed to reflect the applicable legislation and relevant market practice. • The Company may offer an additional voluntary pension arrangement in the form of a defined contribution and/or defined benefit pension plan to supplement the statutory pension.
OTHER BENEFITS AND ONE-TIME PAYMENTS	• The purpose is to provide a 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.	• Other financial benefits are provided in line with the relevant market practice. These may include additional insurances, such as health, life, disability, travel and accident insurance and other one-time payments, such as e.g. achievement award. • Additional benefits and allowances may be offered in certain circumstances such as relocation or international assignment in line with the Company's international mobility guidelines. • The CEO may also be eligible to participate in other employee benefit arrangements which may be offered to Company employees at any given time.
SHARE OWNERSHIP	• To ensure strong alignment between the interests of the CEO and the shareholders in the longer term. Cumulating a significant share ownership in Optomed over time is seen as central in enhancing the long-term shareholder alignment of the CEO.	• The Board decides on the long-term target share ownership for the CEO.

7. Right to reclaim or restate remuneration (clawback and malus)

The CEO is subject to a clawback policy where, if a short-term variable incentive component conditionally awarded in a previous financial year would, in the opinion of the Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria targets have been or should have been achieved, the Board has the power to adjust the amount of the incentive downwards or upwards.

In exceptional circumstances the Board shall have the discretionary authority to make adjustments to the amount of the short-term incentive and the timing of the reward payment.

Furthermore, the Board may recover from the CEO any variable remuneration in case of misconduct or on the basis of incorrect financial or other data.

8. Termination and severance

In the event of a termination of the CEO's service contract, any payable compensation is determined in line with legal advice regarding local legislation, country policies, contractual obligations and the rules of the applicable incentive and benefit plans.

The notice period of the CEO's service contract is determined so that it is in line with the market practices existing at the time of entering into the contract. Also the possible fixed salary during the notice period, and potential severance pay, are determined so that they are in line with the market practices existing at the time of entering into the CEO's service contract.

9. EXCEPTIONAL CIRCUMSTANCES

It is beneficial for Optomed and its shareholders that the Board is able to react to an unforeseen situation by temporarily deviating from certain principles defined in the Policy. The Board may, after a careful consideration, decide to deviate from the Policy in the following situations:

- Recruitment of a new CEO;
- Upon appointment of interim CEO
- Significant merger, acquisition, demerger or another corporate restructuring event;
- Significant change in Optomed's strategy;
- Immediate retention needs arising from external factors; or
- Changes in legislation, regulation, taxation or equivalent.

Changes may apply to remuneration components, key terms applicable to the CEO's service contract and incentive plan structures, instruments and mechanisms, as well as incentive plan time spans, metrics and earning opportunities, as seen compulsory in order to ensure the development of Optomed's long-term shareholder value. Any temporary deviation from the Policy must be communicated transparently to shareholders at the latest in the Remuneration Report of the year in which the deviation need occurred. If deviating from the Policy is assessed to have continued to the point that it cannot be deemed temporary, an updated Policy shall be presented for an advisory decision by the AGM.