



# Scanfil plc Remuneration Policy of the Company's Governing Bodies

# Preamble

This remuneration policy of Scanfil Plc governing bodies (the “Remuneration Policy”) sets out the general principles and procedures for the remuneration of the members of the board of directors (the “Board of Directors”) and the managing director (the “CEO” or “Managing Director”) of Scanfil Plc (“Scanfil” or “Company”).

## GENERAL OBJECTIVES

The purpose of the Remuneration Policy is to promote the Company’s long-term financial performance and development of shareholder value by rewarding the Company’s senior management by engaging and motivating management to pursue the Company’s strategy in the best interest of all Company’s shareholder’s.

The purpose of the Remuneration Policy is to ensure that the remuneration of the Company’s senior management complies with the principles that primarily guide performance-based remuneration for the implementation of the Company’s strategy. Remuneration Policy aims to establish objectives and principles for the implementation of a clear, simple and transparent remuneration model.

## MAIN PRINCIPLES

The main guiding principles of the Remuneration Policy are::

- A. emphasizing performance-based remuneration in the remuneration of the CEO and other senior management so that the majority of the target earning potential consists of performance-based remuneration;
- B. remuneration based on equity and the Company’s share value performance through share-based incentive schemes.

The Remuneration Policy is in line with the applicable remuneration principles applicable to all Scanfil employees. However, performance-based remuneration is emphasized in the remuneration of senior management.

# Decision Making Process

## REMUNERATION POLICY

The Nomination and Remuneration Committee of the Board of Directors prepares the Remuneration Policy and the Board of Directors approves it for presentation and consideration at the General Meeting. The Nomination and Remuneration Committee of the Board of Directors monitors the Company's global remuneration practices to ensure that they comply with the established Remuneration Policy.

## REMUNERATION OF THE BOARD OF DIRECTORS

The General Meeting decides on the remuneration of the members of the Board of Directors. The Nomination and Remuneration Committee prepares proposals for the remuneration of the Board of Directors. The General Meeting approves each year the Board of Director's remuneration which is discussed and resolved at the General Meeting in accordance with the agenda.

The Board of Directors may decide that some members of the Board of Directors may also be employed by the Company on separate terms and conditions of employment in accordance with the Company's general terms and conditions of employment.

The remuneration of the above Board of Directors members is based on the express terms of employment and may consist of a fixed basic salary including benefits in kind and annual incentives based on the Company's profitability in accordance with principles approved by the Board of Directors. The terms and conditions of employment are always defined by written agreements, which decision making the relevant Board of Directors members do not participate to avoid conflict of interest.

## REMUNERATION OF THE CEO

The Board of Directors shall decide on the terms and conditions of the CEO as pro-posed by the Nomination and Remuneration Committee and the Remuneration Policy. A written service agreement is always concluded with the CEO.

The Nomination and Remuneration Committee regularly monitors and evaluates the efficiency and timeliness of the CEO's remuneration. The purpose of the Remuneration Policy is to provide the CEO with an overall remuneration that motivates and engages the CEO in the implementation of the Company's long-term strategy and financial profitability.

# Remuneration of the Governing Bodies

## REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board can consist of one or more components, such as an annual fee and meeting fees. The fees can be paid in cash, or partially in cash and in company shares. The members of the Board do not participate in incentive plans of the company.

## REMUNERATION OF THE CEO

### A. Remuneration components and proportional shares of overall remuneration

Compensation of the CEO consists of a fixed basic salary with benefits in kind and variable incentives, i.e. performance based compensation. Variable incentive schemes include an annual incentive plan and a share-based incentive plan. In deciding on the level of overall remuneration, the Board of Directors will consider financial and operational objectives and results. The Company's strategy and market conditions will be taken into account when deciding on the annual remuneration. The variable component may not exceed 100% of the fixed basic salary.

### B. Grounds of determining any variable remuneration components

Each year, the Board of Directors determines the amount and detailed terms of the opportunity to earn variable incentives in accordance with the general principles of remuneration. The Board of Directors sets a target level and maximum level for the annual incentive plan and decides on financial targets and thresholds for share-based incentive plans.

### C. Other key terms applicable to the service contract

Compensation for termination of the CEO's service contract shall be determined in accordance with the contractual obligations and applicable law and local practices.

The CEO's current key terms and conditions are reported in the Remuneration Report.

### D. Terms for deferral and possible clawback of remuneration

The Board shall have right to cancel the reward, partly or fully, if the Scanfil Group's financial statements have to be amended and those amendments affect the amount of the reward, the incentive's performance criteria and their performance levels have been manipulated, or in case of any action against Ia or against the ethical guidance of Scanfil or any unethical action affecting the incentive plans, as resolved by the Board in each case.

# Requirements for temporary deviation

The Board of Directors may, for good reason and based on careful consideration, decide to temporarily deviate from the Remuneration Policy approved by the General Meeting in exceptional circumstances, provided that the Board of Directors considers this to be justified in the long term for the Company and its shareholders. Exceptional circumstances may include, for example, the appointment of CEO, a major corporate transaction, a significant change in the Company's strategy, or changes in legislation, regulation, taxation or similar situations.

The Board of Directors assesses deviations from the Remuneration Policy and will inform shareholders in the next Remuneration Report to be presented in General Meeting.

# Structure of remuneration

Element	Target	Description
1. Fixed Basic Salary	Recruit high-level management and commit to implementing the Company's strategy and governance.	Fixed basic salary including applicable taxable benefits in kind (e.g. car and telephone benefits). Number of factors are taken into account in determining the basic salary, e.g. market situation, individual qualities, skill and experience in management roles. The basic salary is typically reviewed annually.
2. Annual Incentive Scheme	Encourage and guide the achievement of short-term financial and operational goals and reward the achievement of short-term goals in the implementation of the Company's strategy.	The short-term annual incentive plan is primarily based on one-year earnings criteria, which are further based on longer-term indicators, typically 3 years of target settings.
3. Equity/Share Based Incentive Scheme	Link long-term rewarding based on ownership and performance of the Company's share price to the goals of the CEO and all of the Company's shareholders.	The General Meeting decides on share-based compensation programs and authorizes the Board of Directors to decide on the details and practical implementation of the compensation programs. The Board of Directors annually decides on the financial targets of the review periods for the share-based incentive programs.

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