

ORIOLA

# Remuneration report 2021



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## Remuneration Policy at a glance

According to the Remuneration policy for Governing Bodies of Oriola Corporation (the “Remuneration Policy”), which was approved by the Company’s Annual General Meeting on 17 March 2020, the goal of Oriola’s executive remuneration is to commit executives to develop the company and its financial success in the long term. Oriola’s remuneration supports achieving strategic targets, profitability and increase of shareholder value.

When setting the remuneration for executives, Oriola follows the same main principles as for other employees in the company. Remuneration across the company is reviewed regularly to secure its competitiveness in the market.

Pay for the Board of Directors consists of annual fees and attendance fees for Board and Committee meetings. The amount of the annual fee as well as attendance fees varies based on position in the Board or of the Committees. Fees are paid in cash and shares. The Annual General Meeting (“AGM”) decides on the fees for each term of office.

CEO remuneration consists of base salary, short- and long-term incentives.

The Board may deviate from the Policy in extraordinary circumstances.

# REMUNERATION REPORT 2021

## 1. Introduction

### 1.1. Compensation and Human Resources Committee

The Remuneration Report describes the remuneration for our Governing Bodies as required by the Finnish Securities Market Act, the Finnish Limited Liability Companies Act and the Finnish Corporate Governance Code 2020 (the "Governance Code") issued by the Securities Markets Association. The report presents information on the remuneration of the President and CEO (the "CEO") and the Board of Directors (the "Board") during the financial year 2021. It also presents the development of average employee remuneration and company performance over the past five financial years in comparison to CEO and Board remuneration. For further information on company, Board and executive remuneration, please see our website for our Remuneration Policy for Governing Bodies that was approved at the 2020 AGM and other remuneration related information.

In the constitutive meeting of the Board of Directors on 16 March 2021, the Board appointed from among its members the following members to the Board's Audit Committee and Compensation and Human Resources Committee.

#### Audit Committee:

Anja Korhonen, Chairman  
Harri Pärssinen  
Lena Ridström  
Panu Routila

#### Compensation and Human Resources Committee:

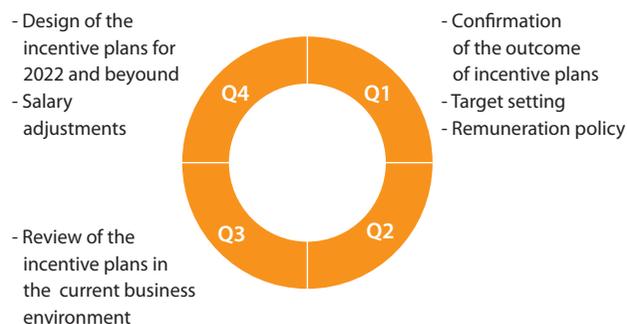
Eva Nilsson Bågenholm, Chairman  
Lena Ridström  
Panu Routila

The Board appointed Juko Hakala as a member of the Compensation and Human Resources Committee 1 September 2021.

Name	Attendance at Committee Meetings
Eva Nilsson Bågenholm (Chairman)	13/13
Juko Hakala (1 Jan - 31 Jan 2021 and 1 Sep 2021 onwards)	9/10
Lena Ridström (16 March - 31 Aug 2021)	1/1
Mariette Kristenson (until 16 March 2021)	4/4
Panu Routila	13/13

During the financial year 2021, we have complied with and executed the Remuneration Policy for Governing Bodies of Oriola Corporation, as approved by the Annual General Meeting 2020.

#### Compensation and Human Resources Committee calendar 2021



### 1.2. Pay for performance

The following section describes the development of the average salary of the employees and the company's result over the last five years compared to the remuneration of the CEO and the members of the Board. The company's result during the reference period has been challenging due to the implementation of the ERP system in Finland between 2017 - 2018 and the automation project in Sweden at the Enköping distribution center between 2019 - 2020. The Swedish pharmacy market has been challenged by the fast-growing e-commerce and during 2020 - 2021 the COVID-19 pandemic has impacted significantly Oriola's operating environment. These factors have had a negative impact on the realization of the incentive plans in recent years.

In our short-term incentive plans (STI) we have incentivised participants based on the achievement of pre-determined target levels of Adjusted Earnings Before Interest and Taxes ("EBIT"). Conversely, rewards under the long-term incentive programs (LTI) are awarded based on Total Shareholder Return ("TSR") and Earnings per Share ("EPS").

These are the performance indicators that the Board closely follows to assess whether our strategy has been successfully implemented and the Compensation and Human Resources Committee believes it is appropriate to reward employees in the Company for attaining targets linked to these performance measures.

The remuneration of the Board of Directors has remained unchanged since 2019. The members of the Board of Directors are not involved in the company's incentive schemes. Over the five-year period, the CEO's remuneration has varied according to the level of performance, as has the remuneration of other personnel. Please see the following table for the specific values:

## Five-year development of remuneration and Company performance

		2017	2018	2019	2020	2021
Current CEO Pay <sup>1</sup>	EUR thousand	-	-	-	-	208.6
Interim CEO Pay <sup>1</sup>	EUR thousand	-	-	-	-	246.1
Previous CEOs Pay <sup>2</sup>	EUR thousand	1,212.3	541.6	690.8	777.0	1,113.1
Employee Pay <sup>3</sup>	EUR thousand	46.3	47.0	45.5	46.5	47.0
Total Board Pay <sup>4</sup>	EUR thousand	291.7	256.2	321.5	376.5	321.5
1-year TSR <sup>5</sup>	%	-28	-21	-5	-6	6
Adjusted EBIT %	%	2.6	2.2	1.2	1.2	1.4
Adjusted EBIT	EUR million	39.0	34.4	20.5	21.0	26.3

<sup>1</sup> The remuneration of the current CEO and the interim CEO includes all payments at the time of review. In 2021, no variable salary components (STI and LTI) were paid to the current CEO and interim CEO.

<sup>2</sup> Remuneration of previous CEOs includes all remuneration paid at the time of review. In 2017 and 2021 the total remuneration includes the termination compensation.

<sup>3</sup> Employee remuneration is employee total average pay for employees working in Finland. Total pay includes all earned salaries, benefits and bonuses

<sup>4</sup> Year 2021 includes 5,000 EUR payment for the Board meetings from 2020.

<sup>5</sup> Based on a 2-month closing average prior to the end of the financial year. Dividends treated as reinvested on payment.

## 2. Remuneration of the Board of Directors in 2021

As stated in the Remuneration Policy for Governing Bodies approved at the Annual General Meeting 2021, Board remuneration consists of annual fees for Board membership, where such annual fee varies depending on the position in the Board and Committees. Fees are paid in cash and shares. Members of the Board receive attendance fees for attended meetings of the Board or Committee meetings. The Board of Directors are not employees of Oriola Corporation and do not participate in any Oriola Corporation Incentive scheme or pension arrangement.

The 2021 Annual General Meeting approved the following annual fees to be paid to members of the Board of Directors.

- Chairman of the Board: EUR 60,000
- Vice Chairman of the Board: EUR 36,000
- Chairman of the Audit Committee: EUR 36,000
- Member of the Board: EUR 30,000

Of the annual fee, 60 per cent was paid in cash and 40 per cent was used to acquire Oriola Corporation's class B shares for the Board members. The Chairman of the Board of Directors receives an attendance fee of EUR 1,000 per meeting and the other members EUR 500 per meeting. Attendance fees are correspondingly also paid to the chairmen and member of Board and company committees. Travel expenses are compensated in accordance with the travel policy of the company.

All payments to members of the Board of Directors during the financial year 2021 have been in compliance with the Remuneration Policy.

In the financial year 2021, the following fees were paid to the members of the Board of Directors. No other fees or remuneration were paid to any member of the Board, nor did any Board member receive remuneration from any other company within the Oriola Corporation.

Board Member	Attendance fees, EUR	Annual fee, EUR	Total, EUR
Routila Panu, Chairman	26,000	60,000	86,000
Hakala Juko (not a committee member during 1 Feb - 31 Aug 2021)	8,500	30,000	38,500
Korhonen Anja, Chairman of the Audit Committee	13,500	36,000	49,500
Kristenson Mariette (member until 16 March 2021)	3,000	0	3,000
Nilsson Bågenholm Eva, Vice Chairman, Chairman of the Compensation and Human Resources Committee	21,500	36,000	57,500
Ridström Lena	11,500	30,000	41,500
Pärssinen Harri	10,500	30,000	40,500
<b>Total</b>	<b>94,500</b>	<b>222,000</b>	<b>316,500</b>

### 3. Remuneration of the CEO in 2021

Robert Andersson served as President & CEO of Oriola Corporation until 1 February 2021. From 1 February to 8 August 2021 Oriola Corporation's interim CEO was Juko Hakala. Elisa Markula started as a CEO of Oriola Corporation on 9 August 2021.

Former CEO Andersson role as a CEO ended prior to 2021 short-term incentive plan target setting was confirmed. Interim CEO Hakala's short-term incentive earnings opportunity was three months fixed base salary (excluding holiday bonus pay). CEO Markula's short-term target incentive earnings opportunity in

2021 was 36% and the maximum 60% of the annual fixed base salary (excluding holiday bonus pay). The short-term incentive opportunity for the interim CEO Hakala and CEO Markula was based on 100% Oriola Corporation's Adjusted Earnings Before Interest and Taxes ("EBIT").

Former CEO Andersson participated in Oriola Corporation's long-term incentive program (LTI) but there was no payment for the LTI 2019-2020, and after his service contract was terminated, he was no longer eligible for the other LTI program periods. Interim CEO Hakala, and the current CEO Markula, did not have a long-term incentive program in 2021.

#### Summary of the remuneration of the CEOs

		Previous CEO Robert Andersson 1 Jan-1 Feb 2021	Interim CEO Juko Hakala 1 Feb – 8 Aug 2021	CEO Elisa Markula From 9 Aug 2021
<b>Fixed</b>				
Base salary and benefits	EUR	51,520 <sup>1</sup>	243,009 <sup>2</sup>	203,375 <sup>1</sup>
<b>Variable</b>				
Short-Term Incentives (STI)		-	-	-
		LTI 2019 – 2020		
		LTI 2019 – 2021		
		LTI 2020 – 2022		
Long-Term Incentives (LTI)		LTI 2021 – 2023	-	-
<b>Others</b>				
Medical Insurance	EUR	961	3,129	5,221

<sup>1</sup> Including car and mobile benefit

<sup>2</sup> Including mobile benefit

#### 3.1. Termination compensation to former CEO

In connection with the termination of the service contract of the former CEO Robert Andersson, the following elements of the final compensation was agreed. The salary for the notice period was paid as of 1 February 2021 and the final remaining compensation on 30 July 2021.

	Final salary and severance payment to former CEO, EUR
Salary from notice period (6 months)	314,883
Severance payment (12 months)	618,000
Unused holiday and holiday bonus pay	127,720
Short-Term Incentives	0
Long-Term Incentives	0
<b>Total</b>	<b>1,060,603</b>