



Enclosure to AGM Invitation

## QPR SOFTWARE PLC REMUNERATION POLICY

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## Introduction

The Remuneration Policy defines the principles for the remuneration of the Board of Directors and the CEO and potential Deputy CEO of QPR Software Plc ("QPR Software" or the "Company"). What is said about the CEO, will also apply to a potential Deputy CEO.

The Board of Directors of QPR Software ("the Board") has taken into account the recommendations of the Finnish Corporate Governance Code 2020 as well as the latest provisions of the Finnish Securities Market Act and Limited Liability Companies Act in the design of the Remuneration Policy. The Remuneration Policy will be presented to the Annual General Meeting of QPR Software on 7 April 2020, and it is valid until the Company's Annual General Meeting 2024, unless the Board presents the Remuneration Policy to the General meeting earlier. Material changes in the Remuneration Policy always require presenting the changed Remuneration Policy to the General Meeting.

### Guiding principles

The aim of the Remuneration Policy is to define a framework for remuneration that supports to pursue the Company's growth strategy, long-term financial success and shareholder value creation. The Remuneration Policy also enables the recruitment and retainment of competent management and Board members in the Company.

In accordance with the guiding principles for remuneration, the remuneration should result in competitive total earning opportunity where variable remuneration is aligned with the Company's strategy and shareholder value. The development and long-term shareholder value creation of the Company must affect the remuneration substantially.

The Remuneration Policy has been prepared to follow the remuneration principles applicable to all QPR Software employees. This can be seen e.g. in the performance criteria of the bonus scheme which are derived from the Company's strategy and are partly common to the CEO and other employees. However, the variable remuneration constitutes a more significant portion of the CEO's total remuneration compared to typical QPR Software employee's total remuneration on average, since the Company aims to have an especially strong link between the CEO's remuneration and the Company's performance.

## Decision-making process

### Decision-making related to the Remuneration Policy

The Board prepares the Remuneration Policy. The Board monitors and evaluates the Remuneration Policy continuously in order to ensure alignment with the Company's strategy and remuneration principles. In addition, the Board takes into account the advisory decisions of the General Meeting and comments by shareholders regarding the Remuneration Policy.

The Remuneration Policy is presented to the shareholders at least every 4 years. The General Meeting makes an advisory decision on the Remuneration Policy, stating whether it supports the proposed Remuneration Policy. If the majority of the General Meeting does not support the proposed Remuneration Policy, a revised Remuneration Policy must be presented to the next General Meeting, at the latest.

## Decision-making related to the Board's remuneration

The shareholders decide on the Board's remuneration in a General Meeting. The Chairman of the Board prepares a proposal for the Board's remuneration after discussing with at least three of the Company's 10 largest shareholders. The Board's remuneration is decided in the General Meeting as a separate item in the agenda.

## Decision-making related to the CEO's remuneration

The Board decides on the CEO's remuneration. The CEO's remuneration is implemented in accordance with the presented Remuneration Policy. The Board monitors and evaluates annually the remuneration and ensures that it is accordant with the Remuneration Policy.

In the decision-making process of remuneration, potential conflicts of interests have been taken into account. In order to avoid conflicts of interests, the CEO is not a member of the Board and is not in any way involved in the decision-making process regarding his or her remuneration.

The Company's shares, stock options or other special rights entitling to shares may be used in the CEO's remuneration, which promotes the alignment of the interests of the CEO and the shareholders. The Board authorized by the General Meeting or the General Meeting decides on the issue of shares, stock options or other special rights entitling to shares potentially used in the remuneration.

## Remuneration of the Board

In the General Meeting, the shareholders of QPR Software decide on the Board's remuneration in accordance with the Remuneration Policy and applicable laws and regulations.

The Board remuneration shall reflect in a fair and proportionate manner the competencies and efforts required from each Board member to fulfill his or her duties.

If a Board member is employed by or in the service of the Company, the General Meeting decides on the remuneration paid to him or her for the work as a Board member. The employment or service terms of the Board member are determined in accordance with the Company's normal practice according to his or her duties and roles.

## CEO's Remuneration

### Remuneration elements

The CEO's remuneration consists of a fixed base salary with fringe benefits, a performance-based bonus scheme and potential long-term incentive plans.

The fixed base salary is the base for the CEO's total remuneration, and it is meant to be competitive and reflect the size and development stage of the business as well as the CEO's individual skills and experience. The fixed base salary forms the largest portion of the CEO's total remuneration on target level.

The bonus aims to steer the CEO to achieve the Company's short-term financial and operative targets as well as to support the implementation of the Company's strategy in the short-term. The Board sets the targets for the bonus separately for each year, and they are, in accordance with the Company's strategy, based on growth, profitability and/or potential other primarily numeric metrics based on the implementation of the strategy. The bonus confirmed by the Board and based on achievement of the performance criteria is paid in cash after the one-year performance period. The amount of the bonus may be 15—40% of the fixed annual salary on the

target level and 30—80% on the maximum level. In 2020, the amount of bonus is 20% of the fixed annual salary on the target level and 40% on the maximum level if the targets set by the Board are exceeded.

The potential long-term incentive plans are intended to steer the CEO to execute the Company's strategy and to increase the shareholder value in the long-term as well as to commit the CEO to the Company. The Board decides on the establishment of the long-term incentive plans as it deems appropriate, so that the total remuneration best supports the Company's business strategy and shareholder value increase in the long-term.

Long-term incentive plans may be e.g. share-based stock option plans or share plans, and their performance criteria may be based e.g. on the total shareholder return, the Company's financial key figures or the Company's strategic targets. The total time span of the plans is always at least 3 years so that the long-term incentive plans are aligned with the interests of the shareholders in the long-term. The rewards to be realized based on the long-term incentive plans may form a substantial portion of the CEO's total remuneration if the Company's shareholder value creation is remarkable.

The CEO's ownership in the Company strengthens the alignment of the interests of the CEO and the shareholders in the long-term. In order to promote this, the long-term incentive plans include an ownership obligation where the CEO must, in compliance with insider rules, use 50% of the net income received from the long-term incentive plans for accumulating his or her ownership in the Company until the value of his or her ownership in the Company corresponds to his or her fixed annual salary.

### Main terms of service

The CEO's retirement age and pension benefits follow the Finnish Employee's Pension Act, and the Company does not offer supplementary pension arrangements to the CEO. The CEO's director contract is valid until further notice. The term of notice of the CEO's director contract is 3 months by either party, but the Company has at any time the right to release the CEO from his or her duties immediately without notice. In addition to the salary for the period of notice, the CEO is entitled to a severance pay equal to 6 months' fixed base salary if the Company terminates the director contract. The CEO is subject to a 6-month non-compete obligation upon termination of service.

Upon termination of the CEO's service, the Board may exercise its discretion in leaver situations, as to whether short-term and/or long-term rewards are paid to the CEO during the year of departure or thereafter, and as to whether the CEO is entitled to stock options distributed to him or her based on the long-term incentive plan, fully or partly, and on which terms.

### Malus, deferral and clawback

The Board has the right to reduce incentive plan rewards or defer payments to a time that is more favorable to the Company, if e.g. changes in circumstances beyond the Company's control or other circumstances would result in materially adverse or unacceptable result for the Company or for the CEO. In addition, the Board has the right to recover from the CEO paid rewards or distributed stock options fully or partly, if it deems necessary to amend the financial statements of the Company and such amendments affect or would have affected the amount of the reward, or the targets of the incentive plan has been manipulated or in case of any action in violation of the Company's business interest, criminal law or employment or service related law or the Company's ethical guidelines, or other unethical action.

## Exceptional circumstances and temporary deviation

In exceptional circumstances, it may be in the long-term interest of the QPR Software shareholders and beneficial to the Company's financial development that the Board is able to temporarily deviate from the Remuneration Policy. The Board may decide to deviate from the Remuneration Policy presented to the General Meeting only after careful consideration in pre-determined situations, which are:

- Recruitment of a new CEO,
- A significant corporate restructuring event, e.g. acquisition, divestment, merger, demerger or another corporate restructuring event defined as significant by the Board,
- Significant change in QPR Software's strategy,
- Immediate retention needs arising from external factors,
- Immediate need to promote the increase of the CEO's ownership in QPR Software,
- Changes in legislation, regulation, taxation or equivalent matters affecting the business environment.

Any temporary deviation from the Remuneration Policy may relate to remuneration elements, key terms applicable to the director contract and incentive plan structures and mechanisms, as well as incentive plan timelines, performance criteria and earning opportunities, as seen compulsory by the Board in order to ensure the Company's long-term success.

Any temporary deviation from the Remuneration Policy will be carefully considered by the Board and communicated transparently to the shareholders at the latest in the next Remuneration Policy to be presented to the next General Meeting.