

P&C / Tommi Saikkonen

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Replaces

Employment and Compensation Policy (approved on 1 September 2021)

CARUNA

EMPLOYMENT AND COMPENSATION POLICY

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1 Scope

The Employment and Compensation Policy defined in this document is endorsed by the Caruna Management Team (CMT) and is to be followed by all functions of Caruna.

This policy applies to all Caruna's personnel related processes, tools and services.

The Caruna Employment and Compensation Policy is based on our shared values and our Code of Conduct principles for business conduct, as well as on the principles of UN Declaration of Human Rights and ILO and it is applicable throughout the Caruna group.

Any amendments to this policy are approved by the Board of Directors.

2 Content

Caruna's aim is to be a preferred workplace that attracts and retains qualified employees at all levels - employees who make their own individual contribution towards Caruna's objective of being a benchmark distribution company excelling in sustainability.

1. In Caruna we believe that good leadership is the cornerstone of employee engagement and excellence in performance. Every Caruna line manager is responsible for all people matters in his/her team and for managing the annual people processes. In practice, leadership responsibility covers the development and wellbeing of individuals and the team, continuous dialogue and feedback, follow-up on progress, encouragement and responsiveness to poor performance or misconduct. In order to cope with the leadership challenges, all Caruna managers are offered a range of opportunities for learning and individual growth. Furthermore, the People & Culture (P&C) professionals work in partnership with the line managers in providing common practices and tools as well as individual coaching and consulting. The Caruna values and the behavioural profile of a Caruna leader support managers in daily leadership situations.

2. Caruna offers fair, transparent and competitive rewarding to its employees at all levels. Salaries are based on applicable laws and agreements in accordance with a transparent structure of job families, roles and market practices. The salary level reflects the individual performance and the requirements of the position as well as specified competence demands.

High performance is rewarded accordingly through a Caruna bonus scheme. The bonus is based on clear and measurable targets that are aligned with the company strategy. The personal goals and targets are agreed mutually in structured performance and development discussions, which enable all Caruna employees to influence their rewarding through excellent personal performance.

3. Caruna strives to create attractive career and development opportunities for continued competence development. Our purpose is to promote an innovative work environment where employees develop on the job. We appreciate personal leadership, initiative taking and employee responsibility. We also expect every employee to take advantage of the variety of learning opportunities available, including project assignments, internal mobility and job rotation. The manager acts as an enabler in employee competence development.

4. Resourcing at Caruna is based on long-term planning. This enables us to systematically develop and engage our employees through job rotation. All positions, excluding certain key positions, are also opened internally. All employees are welcome to apply for these opportunities of personal development.

Recruitment is conducted in a professional manner. Caruna treats all applicants with respect and professionalism. We recognize the importance of a consistent and attractive employer image.

Selection is based on thorough evaluation of competence and motivation. Caruna has defined the general competences as well as leadership criteria which form the basis for all candidate evaluation, together with Caruna values.

5. We offer a safe and healthy workplace for everybody working in Caruna. We respect an employee's right to balance private and professional life. We support hybrid work with flexible working hours and locations where possible. This helps us to attract and retain competent people. We provide occupational health and wellbeing services to all our employees and support rehabilitation according to local practices. Caruna is a drug-free workplace.

6. Caruna respects freedom of association and recognizes the right to collective bargaining. In Caruna we believe that confidential relationships between the management and the personnel, the free flow of information and good co-operation form an important basis for successful management of the business. The starting point for good co-operation is to attempt to resolve all conflicts as soon as possible and at the level where they arise. In all their actions, both employer and employee representatives should avoid unconstructive confrontation.

7. Caruna is an equal rights employer. Caruna appreciates diversity and considers it a competitive advantage and a way of attracting competent labour. A person's background is not a consideration as regards pay, development and promotion or recruitment. We follow up the realisation of equality regularly.

No discrimination of any kind based on race, religion, political opinion, gender, age, national origin, sexual orientation, marital status or disability is allowed. All type of harassment is prohibited and will be eliminated immediately.

8. The Employment and Compensation Policy guides us in our daily work.

Implementation is followed up regularly through the employee engagement survey, the annual performance and development discussions as well as other feedback practices. Caruna also reports the key people related performance indicators regularly.

The following instructions are giving more detailed guidance based on this policy:

- Rewarding instructions, including STI and LTI instructions
- Resourcing instructions
- Car instructions
- Exit instructions
- Travel instructions
- Credit card instructions
- Instructions for Personnel Events
- Remote work instructions
- Invention instructions

3 Responsibilities

3.1 The Board of Directors

The Board of Directors set the guiding principles in the area of human resources by approving this policy, which is linked to Caruna's Code of Conduct and HSE Policy of Caruna. The Board of Directors, assisted by the Nomination and Remuneration Committee, monitors Caruna's compliance with the policy and is responsible for securing that this policy is followed and that all processes and systems comply with it.

The Nomination and Remuneration Committee (NRC)

As a body set by the Board of Directors, the NRC is responsible for following and reviewing this policy and proposing possible amendments to the Board of Directors for approval.

3.2 The Chief Executive Officer

The Chief Executive Officer of Caruna, assisted by the Caruna Management Team (CMT), is responsible for implementation of this policy in the Caruna group. The CEO allocates sufficient resources to fulfil the requirements of this policy in the area of

P&C. Caruna's compliance with the Employment and Compensation policy is reviewed by the CMT regularly.

The CEO approves instructions listed in Chapter 2.8 that are aligned to this policy.

3.3 Head of People & Culture

The Head of People & Culture is responsible for developing, guiding and supporting managers in the implementation of the policy and ensuring that it is followed. He is also responsible for issuing necessary related instructions for approval by the CEO.

3.4 Line managers

All line managers of Caruna are responsible for Implementation of the policy within their organisation(s). They are responsible for the wellbeing and safety of their immediate subordinates, and for providing them opportunities to develop their competence. If there are any non-compliances that cannot be mitigated within their mandate to operate, they shall communicate them further.

3.5 Employees of Caruna

Caruna's employees are responsible for following Caruna's Employment and Compensation Policy and related instructions. They also bear the responsibility for their development, within the means provided by their line manager and P&C.