Remuneration Policy for the Governing Bodies of Citycon Oyj

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This remuneration policy (the "Remuneration Policy" or the "Policy") sets the general principles and framework of remuneration of the Board of Directors (“Board”), Chief Executive Officer (“CEO”) and Deputy CEO in Citycon Oyj (“Citycon” or “Company”). The Policy has been prepared in accordance with the Limited Liability Companies Act (624/2006, as amended), the Decree of the Ministry of Finance (608/2019) and the Finnish Corporate Governance Code 2020.

1. Citycon’s general Remuneration Principles

The principles set out in this Remuneration Policy shall guide Citycon's remuneration of the governing bodies, aiming to drive the Company’s business strategy and create long-term, sustainable performance with increased shareholder value. The objectives of Citycon’s incentive structure and related incentive plans are to provide a business strategy aligned, competitive level of remuneration and to attract, retain and motivate the best-qualified talent of a suitable caliber and experience to lead Citycon and to contribute to the Company's success.

Each element of remuneration shall be balanced in order to facilitate the continuous positive development of the Company, both in the short and long term. The remuneration shall be in line with the strategic plan. A substantial part of the remuneration opportunity shall be based on performance-based incentives. When determining the size and composition of incentive arrangements and the split between variable and fixed pay, the Board of Directors shall take into consideration the principles of the Policy and the aim of supporting the achievement of Citycon’s strategic goals.

The Company’s approach to the remuneration of the CEO consists of a similar framework to the employees' remuneration. In line with emphasizing the principle of pay-for performance, the CEO has a more significant portion of total compensation tied to variable and performance-based incentives than employees on average. The CEO performance reviews are typically set within the context of employee performance reviews and changes to compensation shall take into account the Company's relevant domestic and international peer group companies of similar size and field of business.

The principles regarding the CEO shall also apply to the Deputy CEO, unless otherwise stated in this Policy. The remuneration of the Board of Directors, the CEO and Deputy CEO shall be in line with the Company’s latest Remuneration Policy.

2. Decision-making process

Decision-making on remuneration is managed through processes and principles outlined below.

The Annual General Meeting

The shareholders discuss the Remuneration Policy at the General Meeting of shareholders at least once every four years and whenever substantial changes are made to the Policy. The General Meeting of shareholders decides each year on the remuneration payable to the Board of Directors. Incentive plans involving a share issue or issue of option rights must be based on the approval of the General Meeting or an authorization by the General Meeting to the Board to resolve on such issue in connection with the remuneration.

The Board of Directors

The Board of Directors approves the Remuneration Policy and the pay of the CEO and Deputy CEO within the framework of the valid Remuneration Policy, including the fixed base salary, variable remuneration components and other benefits on the recommendation of the Nomination and Remuneration Committee. If and to the extent CEO or Deputy CEO is a member of the Board of Directors, the Board of Directors may conclude (CEO or Deputy CEO not participating to the decision making) that the base salary payable for the CEO or Deputy CEO include the fees payable for the members of the Board of Directors and thus no separate fee would be payable for the CEO or Deputy CEO for the Board membership. Furthermore, the Board of Directors submits proposals related to remuneration at the general meeting of shareholders on the recommendation of the Nomination and Remuneration Committee. Based on the shareholders' authorization, the Board may issue shares, option rights or special rights entitling to shares with regard to share-based incentive plans that are in line with the Policy.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("Committee") assists the Board in discharging its responsibilities relating to the remuneration. The Committee prepares the matters pertaining to the nomination and remuneration of Board members, as well as the appointment and remuneration of the CEO and the Deputy CEO. The Committee prepares the Remuneration Policy and other relevant policies and guidelines related to remuneration as well as annually reviews the appropriateness of the Remuneration Policy. The Committee reviews and recommends appropriate elements, objectives and criteria for the remuneration of the CEO and Deputy CEO, evaluates their performance in the light of relevant objectives and criteria and presents this evaluation to the Board. Finally, the Nomination and Remuneration Committee proposes to the Board the total compensation based on the above measures.

The majority of the members of the Nomination and Remuneration Committee must be independent of the Company. The CEO and Deputy CEO shall not participate in the preparation nor the decision-making regarding their own remuneration.

3. Remuneration of the Board of Directors

Citycon's shareholders decide annually at the Annual General Meeting on the remuneration of the Board of Directors. The decision is based on a proposal of annual fees and meeting fees as well as compensating travel and lodging costs, made by the Board on the recommendation of the Nomination and Remuneration Committee. The level of remuneration may vary according to the amount of work required from a Board member, taking into account the position as the Chairman or the Vice Chairman and the role in the Board committees.

When making its recommendation, the Nomination and Remuneration Committee may consult major shareholders regarding potential changes to remuneration and take into account relevant benchmarks for companies of a similar size and field of business. Remuneration of the Board members is set at an appropriate level to recruit and retain Board members of a sufficient caliber and experience.

To safeguard the Board members' independence in the performance of their duties, they do not participate in performance-based or any of the same remuneration or incentive schemes with the Company's executive management (unless and to the extent the CEO or Deputy CEO are Board members). In the event that members of the Board of Directors are serving the Company in other employment or service relationship than as CEO or Deputy CEO, any agreements governing the relationship will be entered into in the ordinary course of business and concluded on normal market terms. Principles of determining CEO's and Deputy CEO's remuneration and service contracts have been set out below in Section 4. The relevant Board member shall not participate to the preparation or decision-making on these agreements. The essential terms of such relationships are disclosed in the Company's annual remuneration reporting.

4. Remuneration of the CEO

4.1 Remuneration Components

The CEO's remuneration shall consist of fixed and variable pay components. In addition to annual base salary, remuneration components can include short- and long-term incentives, pension arrangements, fringe benefits and other financial and non-financial benefits. The same principles and components at a general level are applied to the remuneration of the Deputy CEO.

ELEMENT	OBJECTIVE	DESCRIPTION
BASE SALARY	The base salary rewards the CEO for the day-to-day performance of duties and ensures a balanced overall remuneration package. The base salary supports the recruitment and retention of the CEO and reflects the scope of the CEO's responsibilities and experience. The salary shall be paid in accordance with the Company's applicable policy.	The fixed base salary consists of a fixed annual cash salary. The base salary is set in the CEO agreement, or in the applicable Director Agreement, and normally reviewed annually. In setting the base salary, the Board may take into consideration a variety of factors, including: ▪ skills, experience and performance of the CEO ▪ relevant market conditions ▪ remuneration at peer group companies ▪ changes in individual responsibilities ▪ employee salary increases ▪ changes to the Company's business, structure and size. The annual salary as a fixed remuneration component shall be appropriately proportionate to variable remuneration.
PENSION	The purpose is to provide appropriate and competitive pension benefits.	The pension arrangements comply with the applicable statutory pension systems. However, for weighty reasons and to reflect relevant market practice the Board may resolve to offer individual pension arrangements.
SHORT-TERM INCENTIVE (STI)	The purpose of the STI plans is to incentivize and reward performance against delivery of the Company's annual business plan including annual financial, operational and strategic targets.	STI awards may comprise of annual bonus or other similar short-term incentive arrangements conditional upon meeting in full or in part the specific conditions and targets. The targets and metrics of the STI awards are determined by the Board for each forthcoming year depending on the key goals for the year. For example, the annual bonus may be based on a mix of financial, strategic, operational, and individual performance metrics. STI awards are typically paid in cash. Details on performance metrics and weightings of the current STI plans are disclosed in the Company's annual remuneration reporting. STI plans' annual maximum earnings target is capped, at an amount equaling up to 100% of the annual base salary.

LONG-TERM INCENTIVE (LTI)	The purpose of the LTI plans is to retain and reward the CEO for delivering sustainable long-term performance and creating sustainable long-term shareholder value aligning the economic interests of the CEO and shareholders and ultimately all stakeholders.	LTI awards may comprise any form of variable remuneration including share-based instruments such as restricted share units, matching shares, performance shares, stock options and synthetic shares as well as non-share-based bonus agreements. The shares granted may also be eligible for dividend equivalent at their grant. LTI plans include vesting periods of individual length, normally from one to three years. The grounds for rewards to be paid after each of the vesting periods are determined by the Board and may relate to, for example, the commitment and retainment of the CEO, the share price development of the Company, Company's financial performance, corporate responsibility and non-financial performance measures and/or on an assessment of the performance of the CEO. The essential terms and conditions of each LTI plan are disclosed in the Company's annual remuneration reporting. LTI plans' annual maximum earnings target at grant is expressed as a number of shares and/or stock options as well as description of other non-share-based agreements, as defined appropriate by the Board at the beginning of each performance period.
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.	Benefits may include (but are not limited to) monetary and non-monetary benefits such as a phone, laptop, company car, customary risk benefits (e.g. CEO insurance or life and disability insurance), tuition fees, annual health check, employer contributions to insurance plans, new CEO sign-in bonuses or retention bonuses, relocation support, expatriate allowances, accommodation and moving expenses, transportation expenses, compensation for changed tax regime or treatment or reimbursement of expenses for legal advice and tax advice. The CEO may also be eligible to take part in employees' future incentive programs, such as co-investment plans. The benefits are set at an appropriate competitive level taking into account standard practice and the level of benefits provided for other Directors in the Company.

4.2 Termination and Severance of Service Contracts

The CEO service contract is, as a general rule, valid until further notice. The Company and the CEO may, however, agree on a service period for a definite duration. The CEO's minimum period of notice of termination is six (6) months for both the Company and individual, unless otherwise decided on weighty grounds. The notice period of the Deputy CEO may be shorter, but a minimum of three (3) months.

When determining leaving arrangements for the CEO, local legislation, country-specific policies, contractual obligations (including provisions concerning incentive arrangements or benefits), standard market practice and the performance and conduct of the individual may be taken into account. Any severance payment in the event that the Company terminates the CEO agreement will not generally exceed the value of twelve (12) months' fixed base salary and financial benefits. However, for certain special circumstances and certain corporate events, the severance payment offered to the CEO (excluding the Deputy CEO) may be higher. No severance payment shall be due in the event of material breach of the terms of the CEO agreement, breach of fiduciary duties or breach of any material rules or regulations applicable to the CEO.

The circumstances of departure affect the treatment of variable remuneration components. The LTI plans directed to the CEO may provide for early vesting of rewards in certain corporate events and in the circumstances where the Company has initiated the termination of the CEO agreement. As a rule, all unvested variable incentive components are forfeited upon the termination of the CEO agreement by the CEO, unless the Board of Directors, in exceptional circumstances, decides otherwise.

4.3 Terms for Deferral and Clawback of Remuneration

In accordance with the remuneration plans’ terms and conditions, the Board of Directors shall have the right to postpone the reward payment to a later date that better suits the Company if, for example, changes that are beyond the Company’s control or other circumstances might lead to a harmful or unreasonable outcome for the Company while applying the remuneration plans. During a vesting period of the variable remuneration components and incentive plans, the Board of Directors may, at its sole discretion, amend the terms and conditions of each variable remuneration plan in such a manner that no considerable unjust enrichment shall occur to the CEO or Deputy CEO. The LTI plans may be subject to deferral terms and the CEO may be required to own any shares received pursuant to the Company’s LTI plans a specified period of time.

In accordance with the remuneration clawback terms applicable in all Company’s incentive plans and set forth by the Board of Directors, any restatement of financial results may result in reclaiming the compensation paid based on the financial results that have been materially restated. The circumstances and duration of any misstatement shall be taken into account while determining the reclaimed amount and the period over which compensation would be reclaimed. Furthermore, the Company has the discretion to scale back short-term and long-term incentives in the event of fraud or serious misconduct resulting in damages to the company. Overall circumstances shall be taken into account in determining the potential use of this right.

5. Requirements for Temporary Deviation

Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors may temporarily deviate from any provisions of this Remuneration Policy or the Policy as a whole in its absolute discretion in the circumstances described below. The purpose of a temporary deviation is to ensure the Company's long-term interests taking into account long-term financial success, competitiveness and shareholder value development, among other things. Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors may, after careful consideration, temporarily deviate from any provisions of this Policy:

- due to a change of the CEO or Deputy CEO; or
- due to material changes in the Company’s structure, organization, ownership or business strategy (for example in connection with a merger, takeover, demerger or acquisition or other corporate restructuring); or
- due to material changes in or amendments to the relevant laws, rules, regulations or governmental or administrative orders (including tax laws, tax authorities’ guidelines and tax practice); or
- in any other scenario where a temporary deviation is considered necessary in order to ensure the long-term interests or viability of the Company (such as, without limitation, ensuring the continuity of the Company’s management).

The deviation and its grounds shall be reported in the next annual Remuneration Report. If the deviation concerns Board remuneration, the decision-making involves shareholder meeting. If a deviation decision has been taken, and the deviation is not considered temporary, the Board will present the next Annual General Meeting with a revised Remuneration Policy.