

## **CITYCON OYJ**

### **TERMS AND CONDITIONS FOR THE PERFORMANCE SHARE PLAN 2020-2022**

The Board of Directors of Citycon Oyj (the Board) has at its meeting on 17 March 2020 resolved to implement a performance share plan (the Plan) on the following terms and conditions:

#### **1. Objectives of Plan**

The Plan shall be established to form part of the long-term incentive and commitment program directed at the members of the Corporate Management Committee of Citycon Oyj (the Company). The aim is to combine the objectives of the shareholders and the management in order to achieve strategic targets of the Company, increase the value of the Company in the long-term, to bind the Management Committee members to the Company, and to offer them a performance-based, competitive reward plan based on earning and accumulating the Company's shares.

#### **2. Performance Period**

The Plan includes three (3) three (3) year performance periods, spanning from March 2020, 2021 and 2022 until the end of February 2023, 2024 and 2025, respectively (hereinafter each Performance Period separately).

Should the Company's financial year change before the end of a Performance Period, the Board shall be entitled to change the Performance Period accordingly.

#### **3. Target Group**

The Corporate Management Committee members, excluding the CEO, for each Performance Period shall belong to the target group of the Plan (Participant/s). The Board shall confirm the Participants at the beginning of each Performance Period. A Participant's participation in a Performance Period means participation in, and for the duration of, a single Performance Period only, unless otherwise decided by the Board. All Participants shall belong to the members of the Corporate Management Committee and be employed by or in the service of a company belonging to the (Citycon) Group (Group Company). Belonging to the target group or Participants of the Plan does not affect other employment or service terms. The reward to be paid out on the basis of the Plan shall not constitute a part of the terms and conditions of employment, service or compensation.

During a Performance Period, the Board may decide upon including new Participants in the Plan subject to their discretion and the prerequisites set forth above, and decide upon their maximum rewards so that the amount of the maximum reward is in equal proportion to the duration of the employment or service during the Performance Period, or in another manner at the Board's discretion.

#### **4. Maximum Reward**

The Plan offers the Participants a possibility to earn the Company's shares (Share) as reward for achieving the strategy aligned performance level on certain performance criteria, as confirmed by the Board for each Performance Period and each Participant individually.

The Board shall, for each Performance Period, determine the amount of maximum reward for each Participant separately (Maximum Reward). The Maximum Reward shall be denominated in a gross number of Shares before the deduction of any applicable taxes.

## **5. Performance Criteria**

The Board shall, for each Performance Period, confirm on the individual performance criteria of the Plan for each Plan participant. There may be a single performance criterion or several performance criteria for each Performance Period and Participant.

In order to maintain Plan fairness and consistency, the Board shall be entitled to adjust the required performance level(s) in case of substantial extraordinary events during a Performance Period. This kind of event may be e.g. an acquisition or a divestment, a considerable investment, an incidental capital gain or loss or any other circumstance that could not be considered upon election of performance criteria but has a material impact on the achievement of the required performance levels of the performance criteria.

## **6. Reward Payment**

### **6.1. Determination and Confirmation of Reward**

The amount of the gross reward earned from a Performance Period shall be determined on the basis of the achievement of the required performance levels of the performance criteria, and confirmed by the Board (Confirmed Reward), as soon as practicable after the end of each Performance Period, and in any event by the end of May 2023, 2024 and 2025, as applicable.

If the number of Shares is not an integer, it shall be rounded upwards to the nearest integer if the fraction of the amount equals or exceeds 0.5 and rounded downwards to the nearest integer in all other cases.

### **6.2. Taxes**

The Confirmed Reward from each Performance Period shall mean a gross number of Shares before the deduction for statutory income tax in accordance with the applicable income tax rate, transfer tax and any other applicable taxes and employment related expenses as in detail determined by the Company (Tax/Taxes).

The payable reward shall consist of a net number of Shares, remaining after the deduction of a cash proportion that is decided by the Board or/and required for covering the Taxes due on the basis of the Confirmed Reward (Net Shares). In those countries where the Company has an obligation to withhold Taxes arising from the reward to a Participant, the Company shall withhold Taxes with the cash proportion of the reward according to law. In those countries, where the Company has no obligation to withhold Taxes arising from the reward to a Participant, the reward may be paid fully in Shares.

Despite any withholding of Taxes, each Participant shall, in his or her own personal taxation, be personally liable for any residual and final Tax payable based on the reward in accordance with the applicable laws. The reward shall not be regarded as pensionable salary and it shall not result in pension accrual unless otherwise required by mandatory provisions of law in an individual country in which a Participant resides.

### **6.3. Payment of Reward**

The reward from the Plan shall be paid to the Participants as soon as practicable after the end of each Performance Period, and in any event by the end of May in 2023, 2024 and 2025.

The Net Shares shall be registered on a Participant's Finnish book-entry account. The value of the Net Shares and the cash proportion shall be determined on the basis of the Share price on the book-entry registration date of the Net Shares. The Share price shall be the trade volume weighted average quotation of the Share on Helsinki Stock Exchange of the exchange transactions closed on the registration date of the Net Shares. If the book-entry registration date is not a trading day or if the Share has not been traded on the book-entry registration date, the Share price shall be the trade volume weighted average quotation of the Share on Helsinki Stock Exchange of the exchange transactions closed on the date nearest preceding the book-entry registration date of the Net Shares.

### **6.4. General Reward Payment Clauses**

The right to reward is personal, and the reward shall only be paid to a Participant. The right to reward may not be assigned. Upon death, any reward payable on the basis of these terms and conditions shall be paid to the estate or heir or beneficiary of the Participant.

Upon reward payment, the Board shall have the right to decide that the Company pays the reward fully or partly in cash, on the basis of the trade volume weighted average quotation of the Share on Helsinki Stock Exchange of the calendar month preceding the reward payment date. In this case, the Board shall have the right to obligate a Participant to acquire Shares with the amount of paid net reward.

### **6.5. Reward Payment Clauses in Certain Cases**

The Board may adjust the earned reward up or down in individual cases on a Participant specific basis such as in case of outstanding or exceptional contribution or performance on the part of an individual Participant.

The Board shall have the right to reduce the rewards agreed in the Plan, or postpone the reward payment to a later date that better suits the Company, if changes that are beyond the Company's control might lead to a harmful or unreasonable outcome for the Company, while applying the Plan.

Any restatement of financial results may result in reclaiming the plan participant's 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 as resolved by the Board in each case. The Board shall also have the right to cancel the reward, fully or partly, if the Plan's performance criteria or performance levels have been manipulated, or 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.

## **7. Shareholder Rights to Received Shares**

The shareholder rights to the Shares registered on the book-entry accounts of the Participants shall be assigned to the Participants on the book-entry registration date of the Share transfer. If the Shares to be given are new, the share-related rights shall arise upon the entry of the Shares into the Trade Register.

## **8. Employment or Service Preconditions**

### **8.1. Termination of Employment or Service**

No reward shall be paid to a Participant, if a Group Company or a Participant gives notice of termination, or terminates a Participant's employment or service contract during the performance period. The Board may, however, in these cases decide upon the Participant's right to the reward accrued by the end of employment or service and upon the reward payment date. The accrued reward shall be paid to a Participant at the end of the calendar month following the end of employment or service or as soon as practicable.

However, on the basis of the Performance Period already ended, the Participant shall be entitled to the reward in accordance with these terms and conditions.

In these terms and conditions, giving notice or termination means the date when the notice is given. The end of employment or service means the last day of validity of a Participant's employment or service contract.

Should a Participant's employment or service in a Group Company end, on the basis of any of the following grounds, during the performance period, the Participant or his or her estate or heir or beneficiary shall be, in any of the following cases, entitled to such an amount of reward that the Board decides, taking into account the proportion of time elapsed of the Performance Period and estimating the performance level within the performance criteria, by the time the employment or service ended. The reward shall be paid in accordance with these terms and conditions, unless the Board decides otherwise. Such cases shall all be considered Good Leaver Grounds, and they shall be the following:

- a major corporate arrangement as defined by the Board,
- a Participant's permanent disability,
- a Participant's retirement for a statutory pension,
- a Participant's retirement for a pension as defined in his/her employment or service contract,
- a Participant's retirement for a pension as determined by the Company,
- a Participant's decease.

### **8.2. Prolonged Absence during Performance Period**

In the event of a Participant's prolonged absence from work, which has a significant impact on the Participant's contribution during a Performance Period, the Board may decide, in its sole discretion, to deduct the Participant's reward for that Performance Period in a proportion which is deemed equitable by the Board.

### **8.3. Change of Position during Performance Period**

In case a Participant is transferred to a new position, including stepping down from the Corporate Management Committee during the Performance Period but remaining employed or in the service of

the Group Company, the Board shall be entitled, when seen appropriate, to adjust the amount of the Participant's Maximum Reward for the ongoing Performance Period up or down to conform to the Maximum Reward level typically applied in the Participant's new role.

## **9. Adjustments in Certain Cases**

### **9.1. Dividend and other Distribution of Assets**

Should the Company decide to distribute dividends or assets from reserves of invested unrestricted equity, or decide to reduce its share capital by distributing share capital to the shareholders, or decide to reduce its share premium fund by distributing funds from the share premium fund to the shareholders, after the beginning of a Performance Period and before the reward payment, deviating from the Company's normal practice, the Board may, at its discretion, decide on the adjustment to the amount of the Maximum Reward or the Confirmed Reward.

### **9.2. Acquisition of Own Shares**

Acquisition or redemption of the Company's own shares or acquisition of stock options or other special rights entitling to Shares shall not affect the Plan.

### **9.3 Share Issues**

Should the Company, after the beginning of a Performance Period and before the reward payment, decide on an issue of shares or an issue of stock options or other special rights entitling to shares so that the shareholders have pre-emptive subscription rights, the amount of the Maximum Reward or the Confirmed Reward shall be increased by multiplying the number of Shares of the Maximum Reward or Confirmed Reward by the share issue multiplier. In addition, the Board shall, at its discretion, decide on the potential adjustment of the required performance levels of the performance criteria, when necessary.

### **9.4. Merger, Demerger and Redemption of Shares**

In the following events (Events), the Participants shall be entitled to the Confirmed Reward or to such an amount of reward that the Board decides, taking into account the proportion of time elapsed of the Performance Period and estimating the performance level within the performance criteria at the time of the event. In such cases, the Confirmed Reward or the reward decided by the Board shall be converted into money by multiplying the number of Shares of the Confirmed Reward or the reward decided by the Board by the merger or demerger consideration or by the redemption price, and the reward shall fully be paid in cash. The reward shall be paid on the date decided by the Board, however, no later than the original reward payment date. The Events shall be the following:

- a decision by the Company, after the beginning of a Performance Period and before the reward payment, on a merge with another company as a merging company or with a company to be formed in a combination merger; or
- a decision by the Company, after the beginning of a Performance Period and before the reward payment, on a full demerger;
- a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18 Section 1 of the Finnish Limited Liability Companies Act, arising, after the beginning of a Performance Period and before the reward payment, to any of the shareholders, on the basis that a shareholder possesses over 90 per cent of the shares and the votes of the shares of the Company.

In these Events, the Plan shall expire.

Alternatively, the Board may give a Participant the right to participate in a corresponding plan of the new company, in the manner determined in the draft terms of the merger or demerger, or in the manner as otherwise determined by the Board.

The Board shall decide on the impact of a potential partial demerger on the Plan, as applicable.

#### **10. Administration of Plan**

The Board shall monitor the Plan and decide on all essential matters relating thereto. The Board may delegate its rights and powers at its sole discretion.

When the need arises, the Board may propose to the General Meeting of Shareholders that it would authorize the Board to decide on an acquisition of own shares, to the number needed for the Plan, as referred to in the Finnish Limited Liability Companies Act. When the need arises, the Board may also propose to the General Meeting of Shareholders that it would authorize the Board to decide on a share issue, to the number needed for the Plan, as referred to in the Finnish Limited Liability Companies Act.

#### **11. Amendment of Plan Terms and Conditions**

During a Performance Period, the Board may, for weighty reasons, amend the terms and conditions of the Plan. The terms and conditions shall be amended in such a manner that no considerable unjust enrichment or injustice shall occur to a Participant, due to amending the terms and conditions.

The Board may, in its sole discretion and to the extent deemed necessary by it, change, amend or deviate from these terms and conditions in relation to individual Participants, in relation to Participants residing in a specific country or in relation to the Participants in general in order to adjust the Plan or its terms and conditions, including with retroactive effect from the beginning of an ongoing Performance Period, in order to adjust or conform to the provisions of local laws, regulations or taxation practices or to the changes thereof or in order to mitigate, avoid or eliminate the impact of increased costs resulting from such change.

#### **12. Confidentiality**

These terms and conditions are confidential unless (and to the extent) published by the Company in its sole discretion.

#### **13. Applicable Law and Settlement of Disputes**

These terms and conditions shall be governed by the laws of Finland. Disputes arising out of or relating to this Plan shall be finally settled by arbitration, in accordance with the Arbitration Rules of the Finland Chamber of Commerce. The number of arbitrators is one. The seat of the arbitration is Helsinki, Finland.

These terms and conditions have been prepared in English. In case of any discrepancy between any potential translations and English versions, the English shall prevail.