

**Rovio Entertainment Corporation**  
REMUNERATION POLICY



Approved by the Board of Directors: 11 February 2020

Valid from: 31 March 2020

11 February 2020

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## INTRODUCTION

The Remuneration Policy includes the framework and principles for the remuneration of the Board of Directors and the CEO of Rovio Entertainment Corporation (“Rovio”, or “the Company”). What is said about the CEO, will also apply to a potential Deputy CEO.

The Remuneration Policy is presented for an advisory decision by the Annual General Meeting to be held on 31 March 2020. The Remuneration Policy will be applied until the Annual General Meeting to be held 2024, unless the Board of Directors (“the Board”) decides to bring it for an advisory decision by the General Meeting earlier. Advisory decision is always required in case essential changes are made to the Remuneration Policy.

The Board Remuneration Committee (“the Remuneration Committee”) has taken into account the recommendations on the Finnish Corporate Governance Code 2020 as well as the latest provisions to the Finnish Securities Market Act and Limited Liability Companies Act in the preparation of the Remuneration Policy.

The Remuneration Committee monitors and evaluates the Remuneration Policy continuously in order to ensure alignment with the Company’s business strategy and pay-for-performance philosophy. In addition, the Remuneration Committee takes into account the results of the General Meeting votes and comments by shareholders regarding the Remuneration Policy.

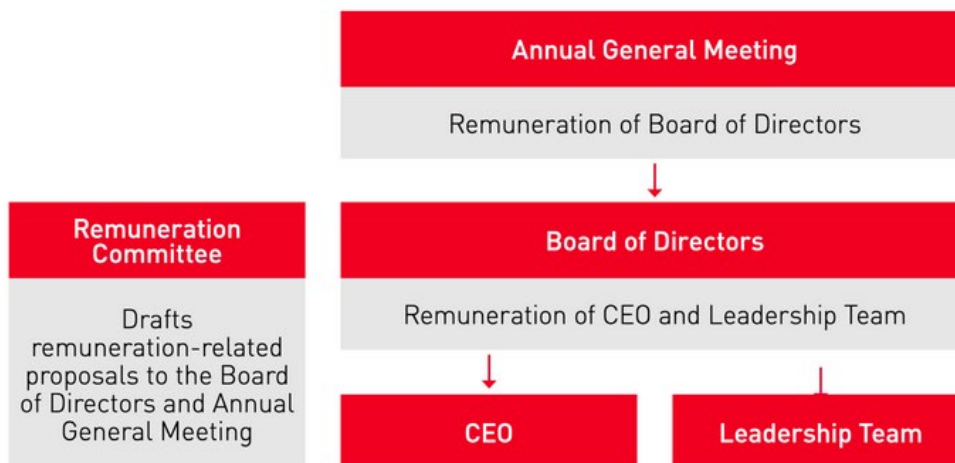
### Key principles

The aim of the Remuneration Policy is to ensure the alignment of pay and performance in Rovio. To achieve this, Rovio has built a remuneration framework that creates an incentive to pursue the Company’s success and shareholder value creation in the long term and to support the Company’s growth strategy with its focus on games business while leveraging its Angry Birds franchise through games and other entertainment. It is also important that the Remuneration Policy and the remuneration framework allows Rovio to be able to attract and retain competent management and Board members in the Company.

The Remuneration Policy is set to be consistent with the remuneration framework applied to all Rovio employees. This is for instance reflected in variable remuneration metrics, where a logical portion of the performance metrics in the CEO’s incentive plans are concurrently used in employees’ incentive plans, and in the CEO’s eligibility to participate in Rovio’s share-based incentive plan offered to all Company personnel. However, the variable remuneration opportunity constitutes a more significant portion of the CEO’s total compensation than for the Rovio employees on average, since the Company aims to have an especially strong link between CEO remuneration and the Company performance.

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## DECISION-MAKING PROCESS



### Board of Directors

The General Meeting resolves on the remuneration of the Board. The proposal for the General Meeting is prepared by the Remuneration Committee.

### CEO

The Board decides on the remuneration of the CEO. The Remuneration Committee organizes practicalities related with the CEO's remuneration and prepares proposals for the Board's decision-making. The CEO is not a member of the Board or the Remuneration Committee and she or he is not in any way involved in the decision-making process regarding her or his remuneration.

The Remuneration Committee regularly evaluates the appropriateness of the CEO's remuneration in order to ensure it is aligned with the Company's strategy and shareholder interests. In this evaluation, external experts as well as related external research data are utilized to ensure that the CEO's remuneration is appropriate compared to typical levels in companies of comparable location, size and complexity.

In order to promote alignment of interests with shareholders, and alignment of pay and performance, a part of the CEO's total compensation may be paid out in Rovio shares or share-linked instruments. The Board decides on reward payouts in Rovio shares or share-linked instruments on the basis of valid authorizations by the General Meeting. The General Meeting or the Board authorized by the General Meeting decides on the issue of shares or stock options or other special rights entitling to shares to the CEO.

## DESCRIPTION OF THE REMUNERATION OF THE BOARD OF DIRECTORS

The General Meeting resolves on the remuneration of the Board. The proposal for the General Meeting is prepared by the Board based on the recommendation from the Remuneration Committee.

The basis for determination of the Board's remuneration is to ensure that the remuneration is competitive in relation to the market and that the remuneration reflects the competencies and efforts required from the members of the Board in order to fulfill their duties.

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## DESCRIPTION OF THE REMUNERATION OF THE CEO

Remuneration of the CEO is based on the following guiding principles:

- Total remuneration opportunity will be sufficiently competitive in relation to typical market level in relevant peer companies
- Variable remuneration forms a significant part of the total remuneration opportunity in order to align remuneration with achieved performance and shareholder value creation
- Majority of variable remuneration is long-term and share-based, emphasizing long-term performance and link to shareholder value development
- Requirements for share ownership and clawback provisions are set for the CEO in order to promote continuously cumulating share ownership in Rovio and optimal risk taking

### Annual total remuneration mix of the CEO

The CEO's remuneration consists of fixed base salary (including fringe benefits), variable remuneration, and potential other components, in line with the Remuneration Policy. Variable remuneration may include one or several share-based or cash-based incentive plans in the short-term and/or in the long-term.

Variable remuneration incentive plans will form a significant portion of the annual remuneration opportunity provided to the CEO at targeted performance level. The long-term share-based incentives will form the majority of the CEO's total variable remuneration opportunity, in order to ensure shareholder alignment. Long-term incentives can be performance or retention focused, with the aim that at target-level performance, the majority of the CEO's total remuneration accrues via performance-based incentives. Thus, the structure of CEO's target total compensation is base salary under 50%, long term incentives 30-50% and short-term incentive 10-20 % of the total compensation.

The Board has implemented share ownership guidelines to emphasize the importance of CEO's personal share ownership in Rovio to further ensure long-term alignment with shareholders, exceeding the timespan of the share-based incentives.

The exact proportion of fixed remuneration in relation to variable remuneration, as well as the exact proportion of short-term remuneration in relation to long-term remuneration as well as performance-focused components and retention-focused components, are set depending on the business stage of the Company upon deciding on remuneration, ensuring that the remuneration mix stays optimal. The Board carefully considers Rovio strategy and targets as well as typical market practices when annually defining the remuneration components and their weightings, performance metrics and their targets.

The Board will set a target and a maximum metrics level for both the short-term and long-term remuneration, as an amount of cash or a number of shares or a number of stock options. For share-based plans, the value of the remuneration opportunity will at any time be calculated by applying the prevailing Rovio share price at the commencement of the performance period, or by applying generally accepted stock option valuation method.

### Timeline of the CEO's remuneration

In order to promote the alignment of the remuneration with Company strategy and shareholder value in the long term, the total incentive timeline of the long-term remuneration will be minimum one to three years. For performance-based long-term incentives, within each incentive plan, there may be one or several

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measurement and/or vesting periods of one to three years. For retention-based long-term incentives, within each incentive plan, there may be restriction periods of one to three years. Such periods depend on what the Board sees appropriate in the respective strategic phase.

As a main rule, any Rovio stock options that have vested, are at the CEO's disposal after the vesting period and shares that are earned based on the long-term incentive plan, are at the CEO's proposal after the reward payment. However, the CEO is expected to accumulate a shareholding in Rovio as per the Company's share ownership guidelines. The Board may set transfer restrictions to paid out reward shares or shares subscribed with stock options as it sees appropriate in pursuit of this objective.

### Performance metrics and target setting of incentive plans

The Board will annually select optimal performance metrics for each incentive plan. Variable remuneration is intended to reward for contributing to both the Company's financial success and shareholder value creation. Variable remuneration performance targets and measurement principles for each performance metric will be clearly defined by the Board when the targets are set.

Performance targets will be based on one or several of the following metric groups:

- Total Shareholder Return and other shareholder value-based metrics – focus on long-term shareholder value creation
- Financial and operative metrics – focus on growth, profitability, operational efficiency, and Company development
- Strategic metrics – focus on strategic development and renewal, and corporate responsibility

### Main Components of the CEO's Remuneration

COMPONENT	PURPOSE AND LINK TO STRATEGY	DESCRIPTION
<b>Fixed Salary + Benefits</b>	To offer appropriate base salary that is sufficiently competitive with the external market and reflects Rovio business scale and complexity.	<p>Fixed salary includes taxable fringe benefits.</p> <p>Fixed salary is set based on the market level, the individual's skills and experience, and other relevant factors.</p> <p>Fixed salary is reviewed by the Board at least annually.</p>
<b>Supplementary Pension Arrangements</b>	To provide a level of retirement income that is in line with local market practices.	At the time of establishing the Remuneration Policy, there is no supplementary pension scheme in place for the CEO.

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The Board will continuously assess the situation and make decisions as deemed appropriate based on business needs and market practices.

Potential supplementary pension schemes will be based on defined contribution.

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**Occasional one-time transaction bonuses**

To reward for concluding special project (such as major M&A projects).

At the time of establishing the Remuneration Policy, there are no such one-time bonuses in place.

Performance is measured by the success of the project.

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**Short-Term Incentive**

To support the business strategy by rewarding and incentivizing the CEO for improvements on short-term performance. Short-Term Incentive reward is paid in cash.

Performance is measured for one-year period. The reward is paid after the year end, based on achieved performance.

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**Long-Term Incentive**

To reward for long-term shareholder value creation and achievement of set strategic and financial targets.

To align the CEO's interests with Rovio shareholders' interests.

To accumulate the CEO's share ownership in Rovio, according to the share ownership guidelines.

The CEO may be offered share-based long-term incentives, which reward for shareholder value creation and/or Company performance. The Board will annually select optimal long-term incentive mechanism that optimally corresponds to Company needs.

Rovio has applied Stock Options and Restricted Share Units as long-term incentive mechanisms and currently Performance Share Plan as the long-term performance-based incentive mechanism.

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In addition to performance-based long-term incentives, the Board may grant retention-focused share-based incentives to be earned only based on continuous service in Rovio such as Restricted Share Units and Share Savings Plans. The retention-focused incentives may be conditional to personal investment in Rovio share.

**Share Guidelines**

**Ownership**

To promote share ownership and to align the CEO's interests with Rovio shareholders' interests.

The aim is that over time the CEO's shareholding in Rovio accumulates to a value corresponding to the value of 50 % of the CEO's annual gross fixed salary. The Board may set transfer restrictions to shares paid as reward or shares subscribed with stock options as it sees appropriate.

**Deferred Reward Payments 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.

The Board will have the right to cancel remuneration, in whole or in part, unvested or vested, if it deems necessary to amend the financial statements of the Company and these amendments affect or would have affected the amount of the remuneration. Furthermore, the Board has the right to cancel or recover from the CEO already paid remuneration, unvested or vested, or withdraw stock options which have not been transferred or used for share subscription by the CEO, if the CEO has acted against business interest of the Company or against criminal or employment related law or against the ethical guidance of the Company or otherwise unethically, as resolved by the Board in each case.

**Term of Notice and Severance Pay**

In the event of a termination of the CEO's director contract, any payable compensation is determined in line with local legislation, contractual obligations and the rules of the incentive plans.

According to the written director contract made with the CEO, the period of notice is 6 months, should either the Company or the CEO terminate the director contract. Should the Company terminate the CEO's director



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contract, for reasons not attributable to the CEO, severance pay corresponding to 12 month's salary will be paid.

The Board may exercise its discretion in leaver situations, as to whether granted short-term and/or long-term incentive rewards will be paid (in full or partly) during the year of departure or later. In addition, Board may set conditions for reward payout.

The CEO's director contract will expire by the end of the month of the CEO's 63rd birthday.

### EXCEPTIONAL CIRCUMSTANCES

It is beneficial for Rovio and its shareholders that the Board is able to react to an unforeseen situation by temporarily deviating from certain principles defined in the Remuneration Policy. Thus, the Board may, after a careful consideration, deviate from the Remuneration Policy in the following situations:

- Recruitment of a new CEO
- Significant merger, acquisition, demerger or another corporate restructuring event
- Significant change in Rovio's strategy
- Immediate retention needs arising from external factors
- Changes in legislation, regulation, taxation or equivalent.

Changes may apply to components of remuneration, key terms applicable to the director contract and incentive plan structures, instruments and mechanisms, as well as incentive plan timelines, metrics and earning opportunities, as seen compulsory in order to ensure the development of Rovio long-term shareholder value.

Any deviation from the Remuneration Policy must be communicated transparently to Rovio shareholders no later than at next remuneration report and General Meeting.