



Basware remuneration policy

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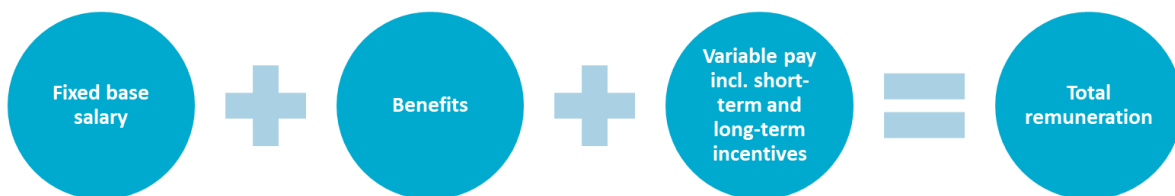
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1. Introduction

The purpose of Basware’s remuneration policy is to promote Basware’s business strategy and long-term financial success. In brief, the remuneration at Basware is meant to encourage employees to create value for the company and its shareholders while the performance management ensures the alignment of actions with strategy.

The total remuneration at Basware is targeted to attract, steer & motivate, recognize & reward and retain employees. Total remuneration of Basware employees consists of:

- fixed base salary
- benefits
- variable pay including short-term and long-term incentives



The level of total remuneration and mix of elements may vary depending on the strategic priority of the employee position and the geographical market. In general, Basware’s aim is to offer fair and competitive remuneration based on local market conditions. The remuneration should motivate to perform, but not encourage excessive or unwanted risk-taking.

Remuneration at Basware is fundamentally shaped by Basware’s core values which reflect the way Basware operates and what type of behaviour is encouraged in the company.

At Basware, performance and reward are strongly aligned with each other. The principle of “pay for performance” is being applied across the company and employees are recognized and rewarded for good performance. Any exceptional or high performances are rewarded with a greater pay differentiation.

The performance measures used for the incentive plans are linked to the execution of the business strategy and creating long-term shareholder value. Alignment of interest between management and shareholders is supported through long-term incentive programs with stock awards. According to the share ownership guidelines, the CEO and Executive Team members must hold a considerable number of received shares for the long-term.

Basware’s CEO’s remuneration is aligned with above described employee remuneration principles and structure. Board of Directors’ remuneration applies similar principles but differs in structure, consisting of annual fees and meeting fees. Board members are not in an employment relationship or service contract with Basware and they are not eligible to participate in Basware’s short-term and long-term incentive programs.

2. Decision-making process for the remuneration

The decision-making processes for the remuneration of the company’s governing bodies is based on the remuneration policy, which is presented to the General Meeting at least every four years and whenever substantial changes are made to it.

The General Meeting will make an advisory resolution on the remuneration policy expressing whether it supports the presented policy.

The shareholders cannot propose changes to the remuneration policy presented to the General Meeting. If a majority of the General Meeting opposes of presented remuneration policy, an amended policy must be presented no later than in the next annual general meeting.

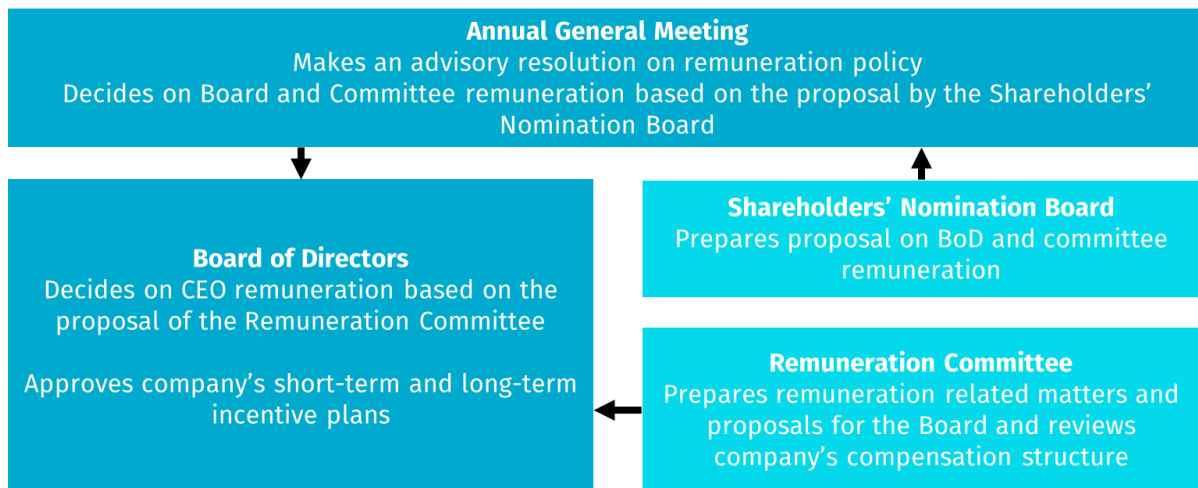
The General Meeting decides on the remuneration paid to the Board of Directors.

The Shareholders' Nomination Board is responsible for preparing and presenting proposals covering the remuneration of members of the company’s Board of Directors to Annual General Meeting and, where needed, to an Extraordinary General Meeting. To avoid conflict of interest, the members of the Shareholders’ Nomination Board should abstain from voting on the remuneration, if they are or potentially are to become members of the Board of Directors.

The Board of Directors decides on the remuneration, service terms and conditions of the CEO, specified in writing.

When shares, options, or other special rights entitling to shares are issued as part of the remuneration, the decisions are by the Board of Directors pursuant to an authorisation from the General Meeting.

Remuneration decision-making process:



3. Remuneration of the Board of Directors

The General Meeting decides on the remuneration paid to the Board of Directors.

The Shareholders' Nomination Board is responsible for preparing and presenting proposals covering the remuneration of members of the company's Board of Directors to Annual General Meeting and, where needed, to an Extraordinary General Meeting.

When preparing proposals, the Shareholders' Nomination Board considers, among other things, the development of director remuneration and the level of director remuneration in peer companies.

The remuneration of the Board of Directors can consist of one or more components, such as an annual fee and meeting fees. The Chairman and Vice Chairman of the Board as well as committee members can be paid an increased fee or meeting fee. If significant travel time is required, an additional fee can be paid. Travel expenses of the members of the Board of Directors are reimbursed in accordance with the company's travel policy.

Due to the importance of aligning the interests of directors and shareholders, part of the Board member remuneration will be paid in the form of shares until the ownership of shares will reach a substantial level defined. The purchase of shares will take place as soon as possible after the decision by the Annual General Meeting. Shares received as remuneration may not be sold or otherwise transferred during a period of two (2) years. This restriction does not concern persons who are no longer Board members.

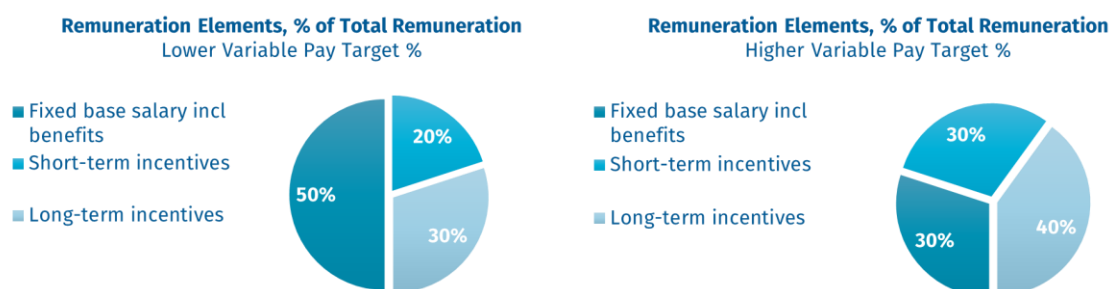
4. Remuneration of the CEO

The Board decides on the service terms and conditions of the CEO, specified in writing. The Remuneration Committee is responsible for preparing the remuneration of CEO based on external market data and advisers used to support the proposal preparation.

The short-term remuneration of the CEO is comprised of salary, fringe benefits and a possible annual bonus based on performance. The CEO’s long-term remuneration consists of share-based incentive schemes. The CEO’s remuneration mix is aligned with the remuneration mix of similar CEO positions in the position holder’s country of residence.

The proportional shares of the CEO’s remuneration elements at target are as follows:

- The CEO’s fixed base salary including benefits may vary between 30 - 50% of the total remuneration.
- The CEO’s on-target short-term incentives may vary between 35 - 100% of the fixed base salary, which is 20- 30% of the total remuneration.
- The CEO’s on-target long-term incentives may vary between 70 - 150% of the fixed base salary, which is 30 - 40% of the total remuneration.



The annual bonus is determined based on the attainment of goals related to the execution of the company’s strategy. The Board of Directors monitors the fulfilment of the performance and result criteria of the incentive scheme twice a year and approves the bonus to be paid.

The potential rewards from the share-based incentive schemes can be based either on the company’s key performance measures (Performance Share Plan), ownership of acquired shares (Matching Share Plan) or continuation of employment or service upon reward payment (Restricted Share Plan). The Board of Directors monitors the fulfilment of the criteria and approves reward payments from the share-based incentive schemes. As a general rule, receipt of any bonus or share-based incentive reward is contingent on the continuation of employment or service upon reward payment. The value of the CEO’s short-term and long-term incentives are highly correlated with Basware’s share price and deviations from the above on-target ranges may therefore occur.

The service contract of CEO defines the length of the notice period, the salary for the notice period, the entitlement to severance pay as well as the competition prohibition, in case of termination or resignation. Should supplementary contribution-based pension benefit be part of the remuneration fringe benefits, it will be specified in the service contract. CEO’s

service contract details are disclosed in Basware's annual remuneration report as part of Basware's annual report.

5. Temporary deviation from the remuneration policy

Should there be a need to ensure Basware's long term interests, there is a possibility to deviate from this remuneration policy temporarily. The assessment of the long-term interests can take into account the company's long-term financial success, competitiveness and shareholder value development, among other things.

The temporary deviation from the remuneration policy is intended to only be applied in exceptional circumstances in which Basware's key operating preconditions have changed after the General Meeting discussed the remuneration policy. These exceptional circumstances could be due to a change of CEO or a corporate arrangement such as a merger or takeover bid. The deviations can be also due to changes in regulations, such as taxation.

Any temporary deviation will be reported in the annual remuneration report to be discussed at the next Annual General Meeting.

If deviating from the remuneration policy is assessed to have continued to the point that it cannot be deemed temporary, a new remuneration policy will be prepared to be discussed at the next possible Annual General Meeting.

If the temporary deviation from the remuneration policy concerns the remuneration of a new CEO or the policy has been deviated from due to a corporate arrangement or other corresponding exceptional situation, the new terms and conditions concerning remuneration will be valid as agreed regardless of the duration of the temporary deviation.