

## **Remuneration Policy 2020**

The Remuneration Policy defines the principles concerning the remuneration of Etteplan Oyj's ("Etteplan" or "Company") Board of Directors, CEO, and any deputy to the CEO. The factors that apply to the CEO also apply to a possible deputy to the CEO.

The Remuneration Policy will be presented to the Annual General Meeting of Etteplan on April 9, 2024 and will be in force until the Company's Annual General Meeting 2028, unless the Board of Directors presents the Remuneration Policy to the General Meeting earlier than this. Material changes to the Remuneration Policy always require the presentation of the Remuneration Policy to the General Meeting.

Etteplan is a growth company aiming to achieve profitable growth and create value for its owners. Etteplan wants to reward strong performance and achievements in both growing the Company and ensuring profitability. This has generated a personnel remuneration policy that aligns with the interests of the Company and its stakeholders while engaging and motivating key personnel to act in line with shared goals. These same principles are followed in the policies involving the CEO's remuneration. However, variable remuneration constitutes a significant share of the overall remuneration of the CEO compared to Etteplan's personnel on average, as it is the Company's objective to have an especially strong connection between the CEO's remuneration and the Company's performance.

The cornerstones of Etteplan's Remuneration Policy:

- 1) Result-based and performance-based remuneration
- 2) Transparent and uniform remuneration principles and scheme
- 3) Competitive overall pay level
- 4) Increasing Company growth and value.

Etteplan's reward strategy emphasizes performance-based remuneration for the Company's growth, success of its business operations, and engaging personnel.

## ETTEPLAN REWARD STRATEGY PRINCIPLES

Pay for performance, Fair and equal, Competitive in local market, Focus on growth, Well communicated, Well governed

<p><b>BASE SALARY</b></p> <p>Based on job requirements, individual expertise and experience and performance.</p> <p>Competitive salary in relevant local market</p>	<p><b>INCENTIVES</b></p> <p>Short-term incentives based on financial performance and company growth and development.</p> <p>Long-term incentives drive engagement and increased shareholder value.</p>	<p><b>OTHER AWARDS</b></p> <p>Based on excellent performance or other support for the company's growth and profitability.</p>
		<p><b>EMPLOYEE BENEFITS</b></p> <p>Compliant and competitive on local market. The goal is to support well-being and resilience of the personnel.</p>

## ETTEPLAN REWARD STRATEGY FOUNDATION

Career Model, Job levelling, Target setting, Performance evaluation, Compensation analysis and market benchmarks

### 1. Description of decision-making process

The Remuneration Policy is prepared by Etteplan's Board of Directors. The Remuneration Policy is presented to the General Meeting at least every fourth year, and the shareholders decide on the Remuneration Policy in an advisory capacity in accordance with valid legislation.

The Board of Directors has taken into account the recommendations of the Corporate Governance Code 2020 and the new regulations of the Finnish Securities Market Act and Limited Liability Companies Act. In addition, the Board of Directors takes into account the voting results of the General Meeting and the shareholders' comments concerning the Remuneration Policy. The Board of Directors monitors the realization of Etteplan's remuneration practices in accordance with the Remuneration Policy.

Etteplan's General Meeting decides on the remuneration of Board members. The remuneration of the CEO and key terms of the employment contract are decided by Etteplan's Board of Directors with regard to the Remuneration Policy presented to the General Meeting. The Nomination and Remuneration Committee of the Board prepares matters concerning the remuneration of the CEO for the Board. The CEO is not involved in decisions concerning his/her remuneration to avoid conflicts of interest.

Remuneration of the CEO can involve the Company's shares, share options or other rights entitling to shares, which promotes the uniformity of the CEO's and shareholders' interests. The Board of Directors authorized by the General Meeting or the General Meeting decides on any

shares, stock options and other special rights granted that entitle to shares possibly used in remuneration.

## **2. Remuneration of the Board of Directors**

Etteplan's Annual General Meeting annually decides on the remuneration of the Board members. The fees of the Chairman of the Board, Deputy Chairman, and the Board members must reflect fairly the responsibility of each role and the workload and competence required by the role.

If the Board member has an employment or service contract with the Company, the General Meeting shall decide the fees paid to him/her for Board work in accordance with this policy. The terms of the Board member's employment or service contract are determined according to the Company's normal practices depending on his/her tasks and role.

## **3. Remuneration of the CEO**

The CEO has a written CEO contract, which defines the fixed base salary. The base salary is intended to be competitive and to reflect the scope and development stage of the Company's business and the personal skills and experience of the CEO. The fixed salary also includes normal employment benefits, such as a car and phone benefit. The salary is reviewed annually.

The variable remuneration component consists of the annual performance bonus and long-term incentive plan. The variable remuneration structure and details are decided annually by the Company's Board of Directors. At the target level set by the Board of Directors, the variable remuneration component typically constitutes of around half of the CEO's total remuneration. In share-based incentive plans, the value of the remuneration at the target level is always calculated using the current price of Etteplan's share at the start of an earning period.

The annual performance bonus is intended to steer the CEO to achieve the Company's short-term financial and operative goals and to thus support the realization of the Company's strategy in the short term. The earning-criteria-based bonus approved by the Board is paid in cash after each one-year earning period.

The purpose of the long-term incentive plan is to reward the creation of long-term shareholder value and the achievement of set strategic and financial targets. The Board of Directors clearly defines the earning criteria and their targets and the measurement principles for each earning criterion when the targets for the earning criteria are set.

The CEO's shareholding in the Company strengthens the uniformity of the CEO's and shareholders' benefits in the long term. In order to promote this, the Board of Directors sets a recommendation for holding shares and can accordingly set transfer limits on shares paid based on long-term incentives.

## Remuneration elements for the remuneration of the CEO

Remuneration element	Description	Earning logic
<b>Base salary</b> Fixed base salary set to reflect the position and its requirements.	Individual performance, skills and contribution to business operations as well as competitiveness are taken into account in the base salary. The Board of Directors reviews the base salary annually with the help of market comparison.	The fixed base salary reflects the requirements of the position, individual skills and performance. No maximum level has been defined but the salary is always in line with the market level. Changes follow the market level and/or significant changes in the position.
<b>Short term incentives</b> The annual performance bonus is a variable remuneration component used to reward annual performance and Company growth and development.	The short term incentives are based on result targets which support the implementation of the Company's strategy and which are determined by the Board of Directors annually. Targets usually relate to key figures, e.g. operative growth and result objectives, or objectives supporting sustainability or other Company development.	Annual result according to the set targets. In addition to the actual targets, short term incentives may include thresholds which need to be reached as a condition for reward payment.
<b>Long term incentives</b> A variable remuneration component used to reward long term performance, engage key personnel and align the interests with the shareholders of the Company.	Long term performance-based share incentive plan set by the Board of Directors according to the strategic targets to promote the Company long term financial performance, growth and increase in shareholder value and support sustainability.	The earning criteria of a long term incentive program are defined according to the incentive program.
<b>Employment benefits</b> For remuneration, engagement and increasing well-being	The CEO is entitled to the same employment benefits as the other personnel in relevant country. E.g. occupational health care, car and phone benefit. The CEO can be granted other benefits, such as insurance benefit.	Benefits are defined so that they are competitive on relevant local market and compliant with the government views on appropriate level of position requirements and case-by-case circumstances.

The remuneration of the Company's management and personnel follows the same principles as the remuneration of the CEO. The target of remuneration is to ensure the Company's growth, profitability, development, and sustainability both in short term and long term. Remuneration is based on good performance and achievement of targets and, related to benefits, ensuring health, well-being and resilience.

## EXAMPLES OF SHORT TERM AND LONG TERM TARGETS IN ETTEPLAN

FINANCIAL TARGETS	OPERATIONAL TARGETS	LEADERSHIP AND CULTURE
Turnover Profitability Shareholder value	Operational Efficiency Growth Metrics Development Programs	Sustainability Values Based Leadership Diversity and Inclusion

### Cutting, delaying or recovery of bonuses

The Board of Directors is entitled to cut bonuses based on the long-term incentive plan or delay their payment to a time that suits the Company better when, for example, changes in circumstances beyond the control of the Company or other circumstances would lead to an adverse or unreasonable outcome for the Company or CEO, when applying the plan.

In addition, the Board is entitled to recover, entirely or partially, bonuses paid based on the long-term incentive plans if the Company's financial statement data must be altered and this impacts the amount of bonus, if the targets of the plan have been manipulated or if a person has acted in breach of the Company's business interests, criminal law, or legislation related to the service relationship or the Company's Code of Conduct, or otherwise acted unethically.

### Other key terms of the service contract

The CEO's retirement age and pension benefits are determined based on the Employees Pensions Act and the Company can, if it wishes to, offer the CEO supplementary pension arrangements. The term of notice for the CEO is six months for both the CEO and the Company. If the CEO contract is terminated by the Company, the CEO is at the most entitled to receive a compensation equivalent to 12 months' base salary in addition to the salary for the term of notice. In addition to the term of notice, the CEO has a 12-month non-competition clause in his/her contract.

If the CEO contract is terminated, the Board of Directors can, at its discretion, decide whether the CEO will be paid the annual performance bonus and/or bonus from the long-term incentive plan in full or in part in the year that the CEO contract ends or thereafter. The Board of Directors can also set conditions for the payment of the bonus.

#### **4. Special circumstances and temporary deviation**

In special circumstances it can be in the long-term interest of Etteplan's shareholders and beneficial for the Company's financial development that the Board of Directors can temporarily deviate from the Remuneration Policy. The Board of Directors can, based on careful deliberation, decide to deviate from the Remuneration Policy presented to the General Meeting in specific special circumstances, which are, for example:

- changing of the CEO;
- significant corporate restructuring, such as an acquisition or sale of a Company, merger, demerger or other corporate restructuring that is deemed significant by the Board;
- significant change in the Company's business strategy;
- immediate need for engagement resulting from external factors;
- immediate need to boost the growth of the CEO's holding in the Company; and
- changes in legislation, regulation, taxation or similar factors impacting the operating environment.

Temporary deviation from the Remuneration Policy requires careful consideration, and the deviation must be justified openly to the shareholders at the latest in the Remuneration Statement to be presented at the next General Meeting.