

REMUNERATION REPORT 2020

1. INTRODUCTION

Tecnotree Corporation (“**Tecnotree**” or “the **Company**”) remuneration report for 2020 (the “**Report**”) has been prepared on the basis of the Finnish Corporate Governance Code 2020 (the “**Corporate Governance Code**”). In this Report, Tecnotree presents to the members of the Company’s Board of Directors and the Chief Executive Officer (“**CEO**”) the salaries, fees and other financial benefits paid and earned during the financial year 2020. In addition, the Report describes the remuneration decision-making process and key principles of remuneration at Tecnotree.

Remuneration principles 2020

Tecnotree aims to provide a level of remuneration that motivates, encourages, attracts and retains employees of the highest calibre. To maximize the effectiveness of remuneration within Tecnotree, careful consideration is taken to ensure that the remuneration elements drive the business strategy of the Company and its long-term financial interests. The Remuneration Committee is fully aware of its responsibility in ensuring that remuneration supports and drives the Company’s strategic priorities and growth plan.

Tecnotree's 2020 Remuneration Report follows the remuneration policy of the Company published on 19 August 2020 (“**Remuneration Policy**”), which was discussed and approved by an advisory decision of the shareholders at the Annual General Meeting held on 10 September 2020.

In accordance with the Remuneration Policy, Tecnotree follows the following principles in its remuneration:

- competitive remuneration in order to acquire and retain key resources.
- The variable compensation system in Tecnotree, and its subsidiaries is designed to promote competitiveness and the Company’s long-term financial success and to contribute to a positive development of owner value. Compensation plans are based on pre-determined and measurable performance and result criteria aimed to maximize the performance of the employee.

Through the remuneration principles, Tecnotree seeks to support the convergence of the interests of shareholders, the Tecnotree Group and its personnel. The purpose of the remuneration is also to support the long-term financial success of the Tecnotree Group and the commitment of Tecnotree's personnel to the Company.

Fair, competitive and encouraging remuneration of Tecnotree's management and personnel is the subject of continuous development and evaluation in the Company. The Board of Directors and the Remuneration Committee regularly monitor and assess the compliance, performance and outcome of the remuneration model in place and, if needed, suggest amendments to the same. In connection with these evaluations, the Remuneration Committee may make recommendations to engage external experts to assess, among other things, the level of requirements for different work tasks and their impact on remuneration.

Further, Tecnotree has implemented an employee incentive program (“**LTI Plan**”) designed to align the participants of the LTI Plan interests with Tecnotree’s growth strategy and long-term success. The LTI Plan

includes the grant of Restricted Share Units (RSUs) to the participants of the LTI Plan. Objectives of the LTI Plan and the coverage of the RSU is provided below:

LTI Plan Objective:

The Company had a weighty financial reason for the launch of the LTI Plan, as it was aligned with the Company’s incentive and commitment program towards key employees of the Company, considering its growth trajectory. Further, the purpose of the LTI Plan was to encourage the participants to work on a long-term basis to increase shareholder value, to commit the Participant to the Company, and to ensure that the Participants’ interests be aligned to that of the Company.

RSU Plan Coverage:

Restricted Share Units are granted to Tecnotree management executives and other key eligible employees for purposes related to long-term retention and providing additional incentive to the participants to ensure that Tecnotree is able to retain and encourage the talent which are critical for the future success of the Company.

Deviation from the Remuneration Policy

During the financial year 2020, the Remuneration Policy was followed for the remuneration of the Board of Directors and the CEO, and there were no deviations from the same.

Remuneration and business development 2016 - 2020

Below is a description of how the remuneration paid to the members of Tecnotree's Board of Directors and the CEO has developed proportionally during the previous five (5) financial years, as compared to the development of the average remuneration of Tecnotree Group employees and the financial development of Tecnotree Group during the same period.

	2016	2017	2018	2019	2020
Board fees (1000 EUR)	165	186	314	215	195
CEO remuneration, (1000 EUR)	478	413	465	431	2 584
Average employee Salaries and Wages (1000 EUR)	38	35	31	29	29
Revenue (MEUR)	60.1	55.1	41.9	47.0	52.8
Operating Profit (MEUR)	- 10.1	- 8.0	5.3	14.4	18.6

2. BOARD REMUNERATION FOR THE FINANCIAL YEAR 2020

The General Meeting of Tecnotree decides the remuneration payable to the Board of Directors. On September 10, 2020, Tecnotree's Annual General Meeting (AGM) passed a resolution in relation to the remuneration payable to the Chairman, Vice Chairman and the Board of Directors, briefly provided below as follows:

- Chairman of the Board - EUR 50,000
- Vice Chairman of the Board – EUR 30,000
- Members of the Board – EUR 23,000



Additionally, the shareholders passed a resolution in relation to the attendance fee payable to the Chairman, Vice Chairman and the Board of Directors, briefly provided below as follows:

- Chairman of the Board - EUR 800
- Vice Chairman of the Board – EUR 500
- Members of the Board – EUR 500

No options, share-based payments or other share-based payments have been granted to Board members for their work on the Board.

-Travel expenses incurred for Board meetings are reimbursed in accordance with the company's travel policy.

Remuneration paid to the members of the Board of Directors during the financial year 1.1.2020. - 31.12.2020:

Board member	Annual fee	Meeting fee	Total Remuneration, EUR
Neil Macleod	50, 000	13, 500	63,500
Jyoti Desai	30, 000	11, 500	41, 500
Conrad Neil Phoenix	23, 000	8, 500	31, 500
Anders Fornander	23, 000	6, 500	29, 500
Markku Wilenius	7, 063	2, 000	9, 063
Kaj Hagros	15, 640	4, 000	19, 640
TOTAL			194, 703

3. REMUNERATION OF THE CEO FOR THE FINANCIAL YEAR 2020.

The Board of Directors of Tecnotree adopt and evaluate the principles and elements of the remuneration for the CEO on an annual basis. The remuneration of the CEO follows the Company's Remuneration Policy in force. All changes in the CEO's salary and remuneration are subject to the approval of the Board of Directors.

The CEO of the Company is Padma Ravichander. The remuneration of the CEO consists of fixed remuneration, variable remuneration consisting of long-term and short-term incentive, pension, transportation allowance, housing benefit, employee wellness benefits, employee insurance benefits, fringe benefits, bonuses and other financial benefits. The objective is to have a good balance of rewarding elements, and to guarantee a market competitive level of fixed remuneration supported with short- and long-term incentive schemes aimed at driving Company performance and providing an appropriate reward.

The CEO is eligible for benefits laid down in the Remuneration Policy or as may be amended and approved by the Board and shareholders from time to time.



The total earned (paid) remuneration for the CEO in the period 1 January 2020 to 31 December 2020 amounted to 2.584 thousand euros, including the annual base salary, customary fringe benefits, STI and LTI programmes, and a separate one-time incentive.

Annual Base Salary	575 thousand euros
Short-term incentive Plan	356 thousand euros
Long-term incentive Plan	As part of the company's long-term incentive plan, a total of EUR 370,500 in share-based incentives was paid to the CEO during 2020.
One-time incentive (further details under section one-time incentive)	In recognition of the good work done in recent years, the Board of Directors decided on a directed issue of 12,500,000 shares at a subscription price of 0.01 cents per share, which meant a 90% discount to the current market price.
Other benefits	158 thousand euros

The CEO is part of Tecnotree's annual bonus program. In the financial year 2020, the CEO was paid a performance bonus based on the achievement of the targets under the 2019 bonus program, in accordance with the Board's assessment and decision. The annual short-term incentive may not exceed 100% of the individual's annual fixed base salary. Performance bonus paid to the CEO was 356 thousand euros, corresponding to 7 month's fixed basic salary

The fixed annual salary paid to the CEO in 2020 accounted for 22 % of the total remuneration and the short-term and long-term incentive bonuses paid accounted for 78 %. Reimbursements are made to the CEO in accordance with the company's travel policy and other practices.

Fees to be paid in the financial year 2021 based on the financial year 2020.

The CEO was part of annual bonus program for the financial year 2020, based on which the performance bonus will be paid in March 2021. The CEO will be paid a total of EUR 586 thousand as a bonus under the 2020 bonus program, corresponding to 12 month's fixed basic salary.

The targets of the performance bonus to be paid to the CEO on the basis of the financial year 2020 were partly based on the annual bonus is based on net sales, net sales cash inflow, operating expenses and customer satisfaction.

One-time incentive

In recognition of the good work done over the last few years without an increment or a bonus-payout and with an intention to align the interest of the CEO to the long-term financial interest of the Company, the Board of Directors of Tecnotree on 31 October 2019 resolved to carry out a directed share issue of 12,500,000 shares to the CEO. The subscription price provided a discount of 90% compared to the current market price of 0.10 euro The CEO subscribed for all shares offered to her in February 2020.

The shares will be subject to a lock-up period of 2 years from the effective date of the CEO Agreement, as per agreed terms, from the date of registration of the shares.

