

# Remuneration Policy of Sitowise Group Plc's Governing Bodies

## 1 Introduction

Sitowise Group Plc's remuneration policy ("Remuneration Policy") includes general guidance and principles for the remuneration of the members of the Board of Directors and the CEO of Sitowise Group Plc ("Sitowise" or the "company"), and key terms of the CEO's service agreement. The procedures concerning the CEO also apply to any deputy CEO.

This Remuneration Policy of Sitowise's governing bodies has been prepared in accordance with the Finnish Companies Act (624/2006, as amended), the Finnish Securities Markets Act (746/2012, as amended), Decree 608/2019 of the Finnish Ministry of Finance, and the Finnish Corporate Governance Code for Listed Companies (hereinafter referred to as "Corporate Governance Code"), which entered into force on 1 January 2020. Based on the applicable regulations, the Remuneration Policy was presented and approved at Sitowise Group Plc's Annual General Meeting on 25 April 2023.

The objective of remuneration at Sitowise is to promote the implementation of the company's growth strategy and the achievement of its long-term financial targets, competitiveness, and the favorable development of shareholder value. Sitowise is guided by an ambitious target to be the most responsible partner in developing a prosperous living environment and remuneration is used as one tool to guide us toward the goal. Remuneration is one of the company's key incentives and a tool to engage key employees to the company. Additionally, remuneration plays an important role in ensuring the company's competitiveness in terms of recruitment.

Sitowise's Remuneration Policy is founded on the premise that the remuneration of the Board of Directors and the CEO must contribute to the achievement of the aforementioned objectives. The remuneration of the Board of Directors and the CEO has to be both quantitatively and structurally competitive and in line with market practice.

In principle, the CEO is subject to the same remuneration principles and practices (in respect of, for example, pension and benefits) as the employees. The remuneration of Sitowise's personnel is based on total remuneration which may consist of fixed and variable remuneration components as well as employee benefits. Most members of Sitowise's personnel are eligible for one of the company's performance-based incentive



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schemes. In addition, Sitowise offers its personnel in Finland the option of having their bonuses paid into an employee investment fund. Sitowise's key employees are also invited to participate in the long-term incentive scheme in force at the time.

The decision-making process in respect of the remuneration of the members of the Board of Directors and the CEO is described separately in more detail below. The decision-making process is subject to the provisions of the Finnish Companies Act regarding conflicts of interest of a board member and the CEO.

## **2 Description of the decision-making process**

### *Preparation and adoption*

The Remuneration Policy is prepared by the Personnel Committee and adopted by the Board of Directors. The Remuneration Policy is presented at the Annual General Meeting in accordance with the applicable laws and the Corporate Governance Code. The Board of Directors regularly evaluates the effectiveness of the policy. The Board also approves any revisions to the policy and oversees its implementation.

The Board reviews the Remuneration Policy and its material revisions and presents these to the General Meeting of shareholders whenever necessary and at least once every four years. The General Meeting makes an advisory decision whether it supports the presented Remuneration Policy. The shareholders cannot propose changes to the Remuneration Policy presented to the General Meeting. If the Remuneration Policy does not get the support of the majority of shareholders at the General Meeting, the Board must present a revised version no later than at the next Annual General Meeting. In such circumstances, the decision on remuneration of the Board of Directors and the CEO will be based on the Remuneration Policy presented to the Annual General Meeting until a revised version of the Remuneration Policy has been handled at the General Meeting.

### *Monitoring*

The Personnel Committee of the company's Board of Directors monitors the implementation of the Remuneration Policy on an annual basis and makes proposals of actions to the Board if necessary to ensure the implementation of the policy. The Board of Directors presents a remuneration report prepared by its Personnel Committee to the Annual General Meeting annually, based on which the shareholders can evaluate the implementation of the company's Remuneration Policy. The General Meeting also decides on the adoption of the remuneration report. The decision of the General Meeting concerning a remuneration report is advisory.



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*Execution*

Sitowise's General Meeting decides on the remuneration of the members of the Board of Directors each year based on a proposal of the Board's Nomination Committee or, if the General Meeting decides to establish a shareholders' nomination board, proposal of the shareholders' nomination board. All decisions on the remuneration of the members of the Board of Directors are based on the Remuneration Policy presented at the General Meeting.

Sitowise's Board of Directors decides on the remuneration of the CEO and the applicable terms based on the company's Remuneration Policy. The Personnel Committee prepares the matters relating to the CEO remuneration.

Decisions concerning the issuance of shares, stock options, or other special rights to shares are taken at the General Meeting or, with the General Meeting's authorization, by the Board of Directors. Any issuance of shares, stock options, or other special rights to shares to the members of the Board of Directors or the CEO as part of their remuneration always complies with the company's Remuneration Policy. Decisions on any share-based remuneration of the Board of Directors are taken at the General Meeting, and decisions on any share-based remuneration of the CEO are taken by the Board of Directors based on the shareholders' authorization. These decisions are always taken in accordance with the same procedure as other decisions concerning remuneration.

*Conflicts of interest*

Decision-making in the context of remuneration is subject to the rules on conflicts of interest. A proposal concerning the remuneration of the company's Board of Directors is prepared by the Board's Nomination Committee and presented to the General Meeting by the Board. The final decision rests with Sitowise's General Meeting. The proposal of the Nomination Committee and the Board must comply with the company's Remuneration Policy. The majority of the members of the Board's Nomination Committee must be independent of the company. Neither the CEO nor any other member of the management team of the company can be a member of the Nomination Committee. Alternatively, the General Meeting may establish a shareholders' nomination board in order to, among other things, prepare remuneration of the company's Board of Directors.

Remuneration of the CEO is prepared by the Personnel Committee of the Board of Directors and decided by Sitowise's Board of Directors in accordance with the Remuneration Policy. The CEO is not a member of the aforementioned governing bodies and is not involved in any decision-making concerning his or her own remuneration. The majority of the members of the Board's Personnel Committee must be independent of the company. Members of the company's management team cannot be members of the Personnel Committee.



### 3 Remuneration of the Board of Directors

The remuneration of the Chairman, Vice Chairman, and members of the Board of Directors must be a fair reflection of the level of responsibility associated with each role as well as the amount of work and the competence required to discharge the responsibilities that come with it.

Board members can be remunerated on an annual or a monthly basis, for example, in addition to which they can be paid an attendance allowance for meetings of the Board and its committees. As well as paying attendance allowances, the company can reimburse members of the Board for any reasonable travel expenses they incur. The members of the Board of Directors are not eligible for the company's incentive schemes. Part of the remuneration of the Board can be paid in cash and part in shares.

Board members who have an employment, service, or consultancy agreement with the company are remunerated for their work as Board members based on decisions taken at the General Meeting in accordance with the company's Remuneration Policy. The remuneration and other terms of Board members' employment, service, and consultancy agreements are determined in accordance with the company's usual policy based on their job description and role, separately from the compensation for the board work.

### 4 Remuneration of the CEO

The Personnel Committee evaluates the appropriateness of the CEO's remuneration to ensure that it is in line with the company's strategy, the business requirements and serves the interests of the shareholders. The CEO's remuneration consists of a fixed monthly salary, the usual employee benefits, as well as short-term and long-term incentives based on the schemes that the company is running at any given time. Actual STI and LTI pay-outs as a percentage of fixed compensation are disclosed in the annual Remuneration Report. The CEO is also covered by the Finnish statutory employment pension scheme, in addition to which the CEO can be offered a supplementary pension.

#### Fixed remuneration

Fixed remuneration consists of a monthly base salary. Sitowise's remuneration package also includes employee benefits in accordance with the company's latest policy (such as a company telephone, luncheon vouchers, sports benefits, as well as travel, accident,



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and medical expenses insurance). The CEO can also be offered other employee benefits, such as a company car or a life insurance.

*Variable remuneration**Short-term incentive (STI)*

The CEO is eligible for the company's short-term incentive scheme (performance-based bonus) in accordance with the latest terms and conditions of the scheme. The performance-based bonus is designed to guide the CEO to achieve the company's short-term financial and operational objectives, supporting the implementation of the company's strategy in the short term. The annual performance criteria that the CEO must meet in order to qualify for the bonus are set by the Board of Directors annually, and these can be a combination of the Group's key financial and non-financial performance indicators and personal targets. As decided by the Board, one of the targets must relate to sustainability and promotion of it in the group. The Board of Directors evaluates the fulfilment of the CEO's performance targets annually as prepared by the Personnel Committee. The bonus is paid in cash after a one-year earning period. The maximum amount payable to the CEO based on the company's short-term incentive (STI) scheme is 100% of his/her annual salary.

*Long-term incentive (LTI)*

The CEO is eligible for the company's long-term incentive (LTI) scheme in accordance with the latest terms and conditions of the scheme. The purpose of the long-term incentive scheme is to reward the creation of long-term shareholder value and the achievement of the company's strategic and financial targets. The scheme is also designed for retention of the CEO to the company, align the objectives of the CEO and shareholders, and to increase the CEO's shareholding in Sitowise. The earning period for the long-term incentive scheme is usually at least three years, and the size of the reward depends on the development of the shareholder value.

The CEO's LTI earning opportunity is set on a market-competitive level. If the outcome of the performance measures set for LTI is good or outstanding, the CEO's earning under the LTI may have a significant weight in his/her materialized total compensation.

The CEO is required to accumulate and maintain a shareholding which is equivalent to the annual fixed salary. This number of shares must be held for as long as he/she continues as CEO.

The LTI awards will be forfeited and transferred back to the company for no consideration if the CEO terminates his/her employment relationship or service agreement, or the relationship or agreement is terminated before the end of the share-based plan performance/earning period or before the commencement of the



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subscription period of the shares to be subscribed with the options. The Board of Directors can permit the CEO to keep all or part of their LTI awards.

*Other key terms of the CEO's service agreement*

The CEO's service agreement can include provisions on the applicable notice period and severance package, and these must be in line with the standard practice prevailing at the time when the agreement is signed. The CEO's retirement age can be lower than the one specified under the statutory pension system.

The CEO's agreement can also include non-disclosure, non-compete, and non-solicitation clauses. The CEO's pension is based on the applicable statutory pension systems. The Board of Directors can, for a weighty reason and in order to keep up with market practice, offer the CEO a contribution-based supplementary pension.

*Terms concerning the withholding and recovery of remuneration*

The Board of Directors has a right to make cuts to payments under the incentive schemes or to withhold the payments as the Board decides at the time if the Board assesses it to be grounded from the point of view of the company's business or acting ethically.

The Board of Directors also has a right to cancel payments based on incentive schemes altogether or to reduce the amounts at its discretion if the Board assesses it to be grounded from the point of view of the company's business or acting ethically.

## **5 Deviation from, and revision of, the Remuneration Policy**

*Deviation from the Remuneration Policy*

Sitowise can deviate from the Remuneration Policy presented to the General Meeting on a temporary basis, if such deviation is necessary to ensure Sitowise's long-term interests and the Remuneration Policy that has been adopted is no longer appropriate due to changes in circumstances. Such changes in circumstances include, among others, changes in the composition of the Board of Directors, the change of CEO, any significant change in the company's strategy, changes in Sitowise's decision-making process in respect of remuneration, corporate transactions such as a merger, a tender offer, or a corporate acquisition or divestment, as well as changes in tax rules or other regulations, or changes in the judicial practice.



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A deviation can concern any aspect of remuneration. Decisions on deviations concerning the remuneration of the company's Board of Directors are taken at the General Meeting, and decisions on deviations concerning the remuneration of the CEO are taken by the Board of Directors.

*Revision of the Remuneration Policy*

Material revisions to the Remuneration Policy are prepared and presented to the General Meeting in accordance with the decision-making process described in the section 2. Non-material revisions can be made by Sitowise without presenting the revisions to the General Meeting. Examples of non-material revisions include changes of a technical nature that are introduced to the decision-making process or terminology relating to remuneration. A change in the law can also give Sitowise grounds to make non-material revisions to the Remuneration Policy of the governing bodies.

Evaluating the need to revise the Remuneration Policy is the Board of Directors' responsibility. The Board of Directors examines the circumstances and decides, on that basis, which aspects of, and to what extent, the decision taken on the Remuneration Policy at the previous General Meeting, or any opinions expressed at General Meetings regarding remuneration reports published after the adoption of the Remuneration Policy, should be taken into consideration in the preparation of a new policy.

