

# Remuneration Policy 2020

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This Remuneration Policy describes the principles for the remuneration of the Board of Directors, CEO and possible deputy CEO of Etteplan Oyj (hereinafter referred to as “Etteplan” or the “Company”). The statements made in reference to the CEO also apply to the possible deputy CEO.

This Remuneration Policy will be presented to Etteplan’s Annual General Meeting on April 2, 2020, and it will remain valid until the Company’s Annual General Meeting 2024, unless the Board of Directors presents a new Remuneration Policy to the General Meeting before that. The Remuneration Policy must be presented to the General Meeting whenever material changes are made to it.

Etteplan is a growth company that aims to achieve profitable growth and the creation of shareholder value. Etteplan wants to reward strong performance and achievements that support the growth of the Company and ensuring its profitability. The remuneration of Etteplan’s personnel is strongly guided by the performance-based remuneration principle, which is applied throughout the organization. This has led to a personnel remuneration practice that is aligned with the interests of the Company and its shareholders and helps retain and motivate key persons to operate in accordance with the shared goals. The same principles are observed in the remuneration practices of the CEO. Variable remuneration components, nevertheless, constitute a more significant proportion of the CEO’s overall remuneration compared to Etteplan’s personnel on average, because the Company’s intention is to establish an especially strong link between the CEO’s remuneration and the Company’s performance.

The cornerstones of Etteplan’s Remuneration Policy:

- 1) Result-driven and performance-based remuneration.
- 2) Transparent and consistent remuneration principles and systems.
- 3) Competitive overall remuneration.

## 1 Description of the decision-making process

The Remuneration Policy is prepared by Etteplan Oyj’s Board of Directors. The Remuneration Policy is presented to the General Meeting at least every four years and the shareholders make an advisory resolution on the Remuneration Policy in accordance with the valid legislation.

The Board of Directors has taken into account the recommendations of the Corporate Governance Code 2020 and the new provisions of the Securities Markets Act and the Finnish Companies Act. The Board of Directors will also take into account the voting results of the General Meeting and the shareholders’ comments concerning the Remuneration Policy. The Board of Directors monitors the implementation of Etteplan Oyj’s remuneration practices in accordance with the Remuneration Policy.

Decisions on the remuneration of the members of the Board of Directors are made by Etteplan Oyj’s General Meeting. Decisions on the remuneration and key terms applicable to the service contract of the CEO are made by Etteplan Oyj’s Board of Directors in accordance with the Remuneration Policy presented to the General Meeting. The Nomination and Remuneration Committee of the Board of Directors prepares matters concerning the remuneration of the CEO for the Board of Directors. To avoid conflicts of interest, the CEO does not participate in decision-making on the CEO’s remuneration.

The Company’s shares, options and other rights conferring entitlement to shares can be used in the remuneration of the CEO to promote the alignment of the CEO’s interests and shareholder interests. Decisions on the issuance of shares, options and other rights conferring entitlement to shares potentially used in remuneration are made by the General Meeting or by the Board of Directors under the authorization of the General Meeting.

## 2 Remuneration of the Board of Directors

Decisions on the remuneration of the members of the Board of Directors are made annually by Etteplan Oyj's Annual General Meeting. The remuneration of the Chairman of the Board, the Deputy Chairman of the Board and the members of the Board must fairly reflect the responsibilities, workload and qualifications associated with each role.

If a member of the Board of Directors has an employment or service contract with the Company, the General Meeting decides on their remuneration for Board duties in accordance with this Remuneration Policy. The terms of a Board member's employment or service contract are determined in accordance with the Company's normal practices based on their role and duties.

## 3 Remuneration of the CEO

The CEO has a written service contract that specifies their fixed monthly salary. The monthly salary is intended to be competitive and reflect the scale and development stage of the Company's business as well as the CEO's individual competence and experiences. The fixed remuneration components also include normal fringe benefits, such as a phone and car benefit. The amount of the salary is reviewed annually.

In addition to the fixed salary, the CEO's remuneration also includes a variable remuneration component. The variable remuneration component consists of an annual performance bonus and a long-term incentive plan. The structure and details of the variable remuneration components are decided on annually by the Company's Board of Directors. At the target level set by the Board of Directors, the variable remuneration component typically constitutes approximately half of the CEO's overall remuneration. The annual performance bonus and the long-term incentive plan each typically constitute approximately half of the variable remuneration component. In the share-based incentive plans, the value of the remuneration at the target level is always calculated using the price of Etteplan's share at the start of the earning period.

The purpose of the annual performance bonus is to incentivize the CEO to achieve the Company's short-term financial and operational targets, thereby supporting the successful execution of the Company's strategy in the short term. The Board of Directors specifies the earning criteria

for the annual performance bonus separately for each year, and they can be based on growth, profitability and/or other, primarily numerical, indicators of strategy implementation. The reward confirmed by the Board of Directors and based on the achievement of the earning criteria is paid in cash after a one-year earning period.

The purpose of the long-term incentive plan is to reward the recipient for the creation of long-term shareholder value and the achievement of the previously set strategic and financial targets. It is also intended to retain the CEO in the Company, align the objectives of the CEO and the shareholders and to increase the CEO's holdings in Etteplan. The total time frame of the long-term incentive plan is always at least three years, and the development of shareholder value is a factor in the rewards earned. However, the plans may include performance periods that are shorter than three years in duration. The earning criteria of the long-term incentive plan can be based on, for example, total shareholder return or the Company's financial indicators or strategic targets. The Board of Directors clearly defines the earning criteria and targets as well as the measurement principles for each earning criteria in connection with setting the targets for the earning criteria.

The CEO's shareholding in the Company strengthens the alignment of the CEO's interests and shareholder interests in the long term. To promote this, the Board of Directors sets a recommendation regarding share ownership and, based on that recommendation, the Board may impose transfer restrictions on shares received under long-term incentive plans.

### Cutting, deferral and clawback of remuneration

The Board of Directors is entitled to cut the rewards under the long-term incentive plans or defer their payment to a better time from the Company's perspective in the event that changes in circumstances independent of the Company or other circumstances would lead to an adverse or unreasonable outcome for the Company or the CEO if the plan were to be carried out.

In addition, the Board of Directors is entitled to claw back, in full or in part, remuneration that has already been paid under the long-term incentive plans if the Company's financial statements need to be amended and the amendment affects the amount of the remuneration, if the targets of

the incentive plan have been manipulated, or in response to any action contrary to the Company's business interests or in breach of the Criminal Code, legislation governing the service contract, the Company's Code of Conduct, or due to conduct that is otherwise unethical.

#### **Other key terms applicable to the service contract**

The CEO's retirement age and pension benefits are determined in accordance with the Pensions Act and the Company may offer supplementary pension arrangements to the CEO. Decisions on the CEO's notice period and severance package are made by the Board of Directors and the relevant provisions are included in the CEO's service contract. The CEO's service contract stipulates a 12-month non-competition clause in addition to the notice period.

If the CEO's service contract is terminated, the Board of Directors may, at its discretion, decide whether the CEO will be paid annual performance bonuses and/or rewards under the long-term incentive plan in full or in part for the year in which the CEO's service contract is terminated or in subsequent periods. The Board of Directors may also impose conditions on the payment of remuneration.

#### **4 Exceptional circumstances and temporary deviation**

In exceptional circumstances, it may be in the long-term interest of Etteplan's shareholders and the interest of the Company's financial development for the Board of Directors to temporarily deviate from the Remuneration Policy. Based on careful consideration, the Board of Directors may decide to deviate from the Remuneration Policy presented to the General Meeting in certain exceptional circumstances, which are:

- A change of CEO;
- A significant corporate arrangement such as an acquisition or divestment, merger, demerger or other corporate arrangement deemed significant by the Board of Directors;
- A significant change in the Company's business strategy;
- An immediate need for retention and engagement arising from external factors;
- An immediate need to promote an increase in the CEO's holdings in the Company;
- Changes in legislation, regulations, taxation or other corresponding factors affecting the operating environment.

Deviations from the Remuneration Policy may be made with regard to remuneration components and the terms applicable to service contracts as well as the structures, mechanisms, time frames, earning criteria and earning opportunities of incentive plans according to what the Board of Directors considers essential for ensuring the long-term success of the Company.

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