

MARTELA CORPORATION'S REMUNERATION REPORT

1. Introduction

This remuneration report provides an overview of how Martela's Remuneration Policy has been implemented in 2023 as well as details of the remuneration of company Board of Directors and CEO.

Remuneration principles

The goal of Martela's Remuneration is to align Martela shareholders and executives' objectives on short-term and long-term basis as well as to commit executives to execute Company's strategy on becoming the workplace thought leader. Martela's Remuneration has been designed to attract, retain and motivate the most suitable talent to lead Martela and contribute to the success of Martela.

The Board of Directors may temporarily deviate from the Remuneration Policy in exceptional circumstances such as essential changes to the operating conditions of the Company.

In 2023, no deviations from policy were conducted.

Decision-making process

The remuneration payable for the Board of Directors is decided by Martela's Annual General Meeting. The Annual General Meeting also decides on the Board of Directors' authorizations to decide on repurchase of own shares and the issuance of shares or special rights entitling to shares that can be used e.g. as part of Martela's incentive schemes.

The remuneration and other terms of employment of the Company CEO are decided by The Board of Directors. The Board of Directors can authorize the Human Resource and Rewarding Committee to decide on the remuneration issues and annual performance bonus scheme of the CEO.

Annual development of remuneration and Company financial performance

Yearly development	2021	2022	2023
Remuneration of the Board, annual fees	+2,9 %	-3,2 %	+6,2 %
Remuneration of the CEO	-26,4 %	+22,4 %	+8,9 %
Remuneration of the employees (average) ¹	+5,7 %	+7,8 %	-2,4 %
The company's financial development			
Revenue	+4,0 %	+16,1%	-11,5%
EBIT	–	–	–

2. Remuneration of the Board of Directors

Members of the Board shall be paid a monthly fee for being a Board member, annual fee for being in a Board

¹ Personnel costs according to the company's financial statements divided by the average number of employees.

Committee(s) and realized travel expenses. All fees are paid in cash and no separate meeting fee shall be paid.

In the Annual General Meeting in 2023 it was decided that fees for the members of the Board shall be 3.700 Euro per month for the Chairman and 1.850 Euro per month for the Board members. In addition, Board members shall receive a Euro 1.600 per annum for being a member in a Board Committee(s).

The fees paid to the Chairman and to the members of the Board in 2023 totaled EUR 45.100 and EUR 116.750.

Member	Monthly fee*)	Committee fee	Total
Johan Mild	3 400 € & 3 700 €	1 600 €	45 100 €
Eero Martela	1 700 € & 1 850 €	1 600 €	23 350 €
Jan Mattsson	1 700 € & 1 850 €	1 600 €	23 350 €
Hanna Mattila	1 700 € & 1 850 €	1 600 €	23 350 €
Katarina Mellström	1 700 € & 1 850 €	1 600 €	23 350 €
Anni Vepsäläinen	1 700 € & 1 850 €	1 600 €	23 350 €

*) In the period 1.1.2023 – 31.3.2023, the monthly remuneration was € 3,400 for the chairman of the board and € 1,700 for the other members of the board, and in the period 1.4.2023 – 31.12.2023 the chairman of the board was € 3,700 and for the other members of the board € 1,850.

3. Remuneration of the Company CEO

Ville Taipale's remuneration consisted of fixed salary, fringe benefits, short-term incentive plan and Performance-based Matching Share Plan 2021–2023.

Annual salary and fringe benefits

CEO's salary is based on full compensation basis, including the fixed salary and the fringe benefits. Fixed salary of Ville Taipale in 2023 was 234.109 euros and fringe benefits of 971 euros.

Pensions

Pension accumulation and retirement age of the Company CEO is determined by the terms of the applicable laws. Pension payment for the Company CEO is based on the Finnish Pension Act (TyEL). The Company CEO has no supplementary pension scheme.

Short-term incentive plan

CEO is also compensated with short-term incentive plan, which is based on financial targets set by Company's HRRC Committee. Time period for the short-term Incentive plan is one year and it is paid annually. Maximum outcome from this incentive plan is 50% of the annual salary.

Criteria for the short-term incentive plan in 2022 were:

Short-term incentive plan 2022	
Metrics	Weight
Company EBIT	80%
Net promoting score	20%

Criteria for the short-term incentive plan was achieved partly, and the reward on the earning period 2022 paid to CEO in year 2023 was EUR 36.343.

The criteria underlying the 2023 short-term incentive plan were not achieved, and based on them, no remuneration will be paid to the CEO in 2024.

Performance-based Matching Share Plan 2021–2023

In the plan, the CEO is given an opportunity to earn Martela Corporation series A shares based on performance and on their personal investment in Martela Corporation series A shares. The Board of Directors decides on the plan's performance criteria and targets to be set for each criterion at the beginning of a performance period. The potential rewards based on the plan will be paid after the end of each performance period. The Performance-based Matching Share Plan 2021–2023 consists of three performance periods, covering the financial years of 2021, 2022 and 2023, respectively. The maximum outcome for the plan for Ville Taipale is 73 260 shares, of which part can be paid in cash to cover the tax implication from received shares.

Criteria for financial year 2022 was tied to performance of Company's EBIT. Share-based rewards from 2022 performance period was 9 402 shares and the shares were given in April 2023.

Other terms of Company CEO's employment

Termination of the CEO's contract for Company's and for CEO is 6 months. If contract is terminated by the Company, CEO is entitled for additional 6-month severance pay without obligation to work for the Company.

Malus and claw back

Based on the terms and conditions of the incentive plans, Martela Board of Directors retains the ability to reduce or claw back awards where the Company CEO has acted fraudulently or dishonestly or is in material breach of their obligations to the Company, or where the Company becomes aware of material misstatement or omission in the financial statements of the Company, or circumstances occur that the Board determines to have resulted in an unfair benefit to the recipient.

The claw back clause was not applied in 2023.

Paid in 2023

	Ville Taipale
Fixed salary	234 109 €
Fringe benefits	971 €
Short-term incentive plan	36 343 €
Other payments ¹	42 416 €
Total:	313 839 €

¹Other payments include cash and shares of Performance-based Matching Share Plan 2021–2023 from performance period 2022. Rewards were paid in April 2023.