Remuneration policy for the governing bodies

Siili Solutions Plc

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1. Introduction

This remuneration policy for the governing bodies of Siili Solutions Plc (“**Siili**” or “**the Company**”) defines the principles governing the remuneration of the Company’s Board of Directors, Chief Executive Officer and Deputy CEO, if any. The provisions of the remuneration policy on the CEO’s remuneration also apply to the remuneration of the Deputy CEO, if any.

This remuneration policy has been prepared in accordance with the Shareholder Rights Directive ((EU) 2017/828), which is primarily implemented in the Finnish Limited Liability Companies Act (264/2006, as amended), the Securities Markets Act (746/2012, as amended) and the Corporate Governance Code for listed companies. The remuneration policy is presented to Siili’s annual general meeting of shareholders in 2024, and it will be valid until the AGM 2028 unless the Board of Directors proposes a new remuneration policy to the AGM before that.

The objective of the remuneration policy is to promote the Company’s business strategy, long-term financial success and sustainable growth of shareholder value. To that end, Siili has established remuneration practices that support Siili’s business strategy and annual plans, while promoting its current strategic targets. When strategic focus areas or the Company’s financial position change, the remuneration bases and criteria can be reviewed and updated.

The main principles of remuneration are:

- Competitive total earnings potential, consisting to a significant degree of performance-based variable remuneration.
- Strong link between remuneration, the Company’s strategy and shareholder value.
- Shareholding requirements and conditions about postponement and claw-back of rewards to support sustainable and far-sighted value creation

The employment terms and conditions and remuneration methods applied to Siili’s employees are taken into account in the remuneration policy, ensuring that the entitlement criteria and objectives of the CEO’s variable pay are in line with the other personnel groups. The proportion of variable pay in the CEO’s total remuneration is more significant in comparison to other employees on average, since the Company wants to establish a particularly strong link between management remuneration and company performance.

2. Description of the decision-making process

The remuneration policy is presented to the annual general meeting ("AGM") of shareholders at least every four years and whenever material changes have been made to it. The annual general meeting has a consultative role when considering the remuneration policy in accordance with valid legislation, and shareholders may not present changes to the remuneration policy presented in the AGM. The Board of Directors prepares the remuneration policy that is presented to the AGM and is responsible for evaluating and ensuring that the votes of the previous AGMs and the comments of shareholders are considered in the remuneration policy. The Board of Directors is responsible for the implementation and monitoring related to the remuneration policy.

The AGM decides on the remuneration of the Board members as a separate item on the agenda. If the Company has a appointed a Shareholders' Nomination Committee, it will make a proposal on the remuneration of Board of Directors to the AGM in accordance with the Committee's rules of procedure.

The Company's Board of Directors decides on the remuneration of the CEO and other emoluments payable to them within the boundaries of the remuneration policy presented at the AGM. The Board of Directors has a HR Committee, which prepares issues concerning the CEO's remuneration for the Board of Directors. The Board of Directors monitors and evaluates the implementation of remuneration on an annual basis and ensures it is aligned with Siili's remuneration policy.

Issues concerning conflicts of interests have been considered in the decision-making process concerning remuneration. To avoid conflicts of interests, the CEO of Siili is not a member of the Board of Directors. Decisions on the remuneration of the Board of Directors are made by shareholders at the AGM.

A part of the CEO's total remuneration may be paid in company shares or share-linked instruments, which promotes the congruence of the interests of the CEO and shareholders. Decisions on giving any Siili shares, options or other special rights entitling to shares as a part of remuneration are made by the Board of Directors, authorised by the AGM, or by the AGM.

3. Description of the remuneration of the Board of Directors

Siili's shareholders decide in the AGM on the remuneration of the members of the Board of Directors in accordance with this remuneration policy and valid legislation, for one term at a time.

The members of the Board of Directors are recommended to hold company shares, and the AGM may decide to pay part of the remuneration of the Board of Directors in company shares.

Remuneration paid to the Chair, Vice Chair and members of the Board of Directors must reflect in a fair and proportionate manner the responsibilities of each role and the work effort and qualifications required by each role.

If a member of the Board of Directors is in an employment or executive relationship with the Company, the AGM will decide on their remuneration for board work in accordance with this policy. The terms and conditions of the employment or executive relationship of such a member are determined in accordance with the Company's normal practice, based on the person's duties and role.

4. Description of the remuneration of the Chief Executive Officer

The remuneration of the Company's CEO is decided by the Board of Directors in accordance with this remuneration policy and valid legislation. The Board of Directors assesses the CEO's remuneration on an annual basis. The objective of the remuneration of the CEO is to provide competitive overall remuneration at the market level, consisting to a significant degree of variable pay based on performance.

The following elements may be used in the CEO's total remuneration:

- Fixed annual salary, including potential fringe benefits.
- Variable, performance-based remuneration, potentially including a) An annual bonus based on the achievement of established business targets b) Long-term incentive scheme based on the Company's long-term strategy and growth of shareholder value.

Variable, performance-based remuneration makes up approximately 50% of the CEO's total remuneration at the target level. The Board of Directors decides, on an annual basis, the weights and proportions of the annual performance-based bonus. They also decide on long-term incentives relative to total remuneration, with a view to supporting the Company's financial performance and the shareholders' interests in the long-term.

The targets of the CEO's annual performance-based bonus are based, in accordance with the Company's strategy, on growth, profitability and any other indicators, primarily in numeric terms, based on the execution of the strategy. The targets of the annual performance-based bonus are established annually by the Board of Directors, and the bonus, based on the level of achievement of the indicators, is paid in cash after the earning period. The annual performance-based bonus may not exceed 100% of the CEO's fixed annual salary at the maximum level.

The long-term incentive schemes are designed to support the long-term success of the Company, creation of shareholder value, strengthening the CEO's commitment and increasing the CEO's shareholding in the Company. The Board of Directors decides on the form, earning criteria and other details of the long-term incentives in a way that best supports the Company's business strategy and creation of shareholder value in the long term. The earning criteria may be based, for example, on the Company's key figures, total shareholder return or the Company's strategic, non-monetary targets.

Long-term incentive schemes may include for example option, share award and share savings programmes. The total time span of the schemes is always at least three years, to ensure congruence with the interests of the shareholders in the long term.

The CEO's shareholdings in the Company enhances the link between the interests of the CEO and the shareholders in the long term. The Board of Directors may include obligations concerning the acquisition and continuous ownership of shares in the long-term incentive programmes to promote shareholding. In addition, the CEO is recommended to participate in upcoming periods of the share savings programmes available to the entire personnel.

The CEO is entitled to employment pension under applicable pension legislation, and the retirement age is determined in the law. The Board of Directors may decide to obtain a supplementary pension plan for the CEO within the scope of so-called market practice. The notice period of the CEO's executive relationship is six months for both parties. In addition to normal salary for the notice period, the CEO is entitled to a severance package corresponding to six months' salary, when the Company terminates the CEO's contract. When the CEO's executive relationship ends, the Board of Directors may decide, at its discretion, whether to pay, in full or in part, the rewards under the annual performance-based bonus or long-term incentive scheme during or following the year of termination of the CEO's executive contract. The Board of Directors may also impose conditions on the payment of rewards.

Siili's Board of Directors has the right to cut the rewards based on the annual performance-based bonus or the long-term incentive schemes, or postpone their payment to a more opportune time when changes in circumstances beyond the Company's control or other circumstances would lead to an adverse or unreasonable outcome for the CEO when applying the scheme. In addition, the Board of Directors has the right to claw back rewards already paid, in full or in part, if the Company's financial statement information has to be revised in a way affecting the amount of reward, if the targets of the scheme have been manipulated or there has been behaviour contrary to the Company's business interests or in violation with legislation pertaining to the executive relationship or the Company's ethical guidelines.

5. Preconditions for a temporary deviation

In special circumstances, it may be in the best long-term interests of Siili's shareholders and supportive to the Company's financial performance that the Board of Directors deviates temporarily from the remuneration policy. Siili's Board of Directors may decide, based on careful consideration, to deviate from the remuneration policy presented to the AGM in the following specific circumstances:

- Replacement of CEO
- A significant M&A transaction, such as an acquisition or disposal, merger, demerger or other arrangement considered significant by the board
- A significant change in Siili's business strategy
- Immediate need for ensuring commitment due to external circumstances
- Immediate need to promote an increase of the CEO's shareholdings in Siili
- Changes in legislation, regulation, taxation, or comparable factors affecting the operating environment

It is possible to deviate from the remuneration policy with respect to the elements of remuneration, terms and conditions applicable to the employment or executive contract, structures and mechanisms of the incentive schemes, time spans, earnings criteria and earnings potential where found necessary by the Board of Directors to ensure Siili's long-term success.

A temporary deviation from the remuneration policy is contingent on careful consideration, and the deviation must be justified transparently to the shareholders at the latest in the remuneration report presented to the next AGM.