

REMUNERATION REPORT  
2022

# Aspo Plc's Remuneration Report 2022

The goal of Aspo Plc's (Aspo) remuneration is to ensure our competitiveness in recruiting and motivating skilled employees to work at Aspo, and aligning the interests of the personnel with the value development of our shares. At the same time, remuneration must be sufficiently transparent and understandable. In short-term incentives (STI) at Aspo, the ratio between financial results and the achievement of strategic goals is roughly 50/50. In 2022, Aspo started to adjust the long-term incentive scheme towards three-year earnings periods instead of the previous annual earnings period.

Financial performance was record-high in 2022, while the year was exceptionally challenging. The comparable operating profit of roughly EUR 55 million exceeded all expectations, and it also gives us a new ambitious target level for upcoming years. Aspo's strategy built successfully in the long term based on organic growth in eastern markets came to an end due to Russia's invasion of Ukraine. ESL Shipping's transportation operations were successfully transferred to western markets, while it quickly became clear that the operations of Telko and Leipurin cannot be divested without non-recurring losses. Because the withdrawal was estimated to be highly significant considering the determination of Aspo's value as a whole, it was agreed that these items be removed from earnings metrics.

In short-term incentives, earnings metrics have included the operating result, as well as the achievement of selected strategic goals. The key principle of strategic goals is to lay a foundation for a significant value increase in the next few years to benefit shareholders. For example, the goal

of ESL Shipping's strategy is to be a significant service provider in the Baltic Sea region, leading the way in zero-carbon transportation, and a builder of ecosystems, while Telko aims to grow through business acquisitions following the compounder profile, and Leipurin seeks to achieve its full potential through the synergies with operations in Finland and the Baltics provided by the acquisition of Kobia in Sweden. Aspo's employer image and the integration of sustainability into the management system have also been part of the earnings metrics. For the CEO, we have estimated that more than 80% of these goals were achieved (on a scale from 0 to 100%).

With regard to long-term incentives (LTI), earnings metrics have included earnings per share (EPS), with a weighted value of 80%, and responsibility goals (20%). Earnings periods have ranged from one to three years. Based on the 2022 performance, 90% of these metrics were achieved. The comparable EPS was excellent, while not all responsibility goals have yet been achieved. In this plan, remuneration is paid in Aspo's shares which further aligns the interests of the company's managers and shareholders.

I believe that the foundation of our current remuneration is solid and places us in a good position to develop Aspo responsibly, while addressing all stakeholders.

## **Heikki Westerlund**

Chair of the Human Resources and Remuneration Committee

## INTRODUCTION

Aspo's Remuneration Report was prepared in accordance with the Corporate Governance Code 2020 entered into force on January 1, 2020, and issued by the Finnish Securities Markets Association. The Remuneration Report includes a description of fees paid and other financial benefits awarded to the members of the Board of Directors and the CEO during the financial year 2022. For comparison, the Remuneration Report also presents the fees paid during the four previous financial years. This Remuneration Report was published simultaneously with Aspo's consolidated financial statements, management report and corporate governance statement for 2022.

Remuneration of Aspo's Board of Directors, Committees and CEO is entirely in compliance with the Remuneration Policy adopted by Aspo's Board of Directors on March 4, 2022 and there has been no deviation from the Remuneration Policy. Moreover, Aspo Plc's Annual Shareholders' Meeting of 2022 has made an advisory resolution concerning the Remuneration Policy. Aspo's Remuneration Policy is available on the company's website at <https://www.aspo.com/en/governance/remuneration>.

By remuneration, Aspo harmonizes the short- and long-term goals striven by its shareholders and management to increase the company's shareholder value and to fulfil its business strategy. The objective of remuneration is to ensure that resources necessary for the achievement of the strategic goals are committed to the company.

The present CEO of Aspo started in his position on August 2021. The expenses related to the change of CEO will still appear in the Remuneration Report 2022, as the previous CEO's service relationship ended in August 2021 and the term of employment in February 2022.

## AVERAGE REMUNERATION AND THE COMPANY'S FINANCIAL DEVELOPMENT IN 2018–2022

Monthly fees paid to members of Aspo's Board of Directors have remained unchanged during the previous five years. The development of the CEO's salary differs from year to year as the total remuneration varies annually. This makes it challenging to draw any comparison between the remuneration and the employees' salary development, and different years are not mutually

comparable. The average change of the remuneration of Aspo's employees has ranged from 3.6% to 8.2%. The table below shows the development of the remuneration of Aspo's Board of Directors, CEO and employees, as well as Aspo's financial development in euros during the previous five financial years.

EUR	2018	2019	2020	2021	2022
Chair of the Board	64,800	66,900	70,400	72,240	<b>69,000</b>
Vice Chair of the Board	48,063	53,500	52,100	53,500	<b>54,200</b>
Board members on average	36,173	36,075	38,000	36,665	<b>36,295</b>
Total remuneration of the CEO	924,625	635,168	1,093,834	<sup>1)</sup> 894,620	<sup>3)</sup> <b>667,408</b>
Fixed salary portion of the CEO	381,289	387,367	437,655	<sup>2)</sup> 604,593	<sup>4)</sup> <b>437,308</b>
Average salary development of an Aspo employee <sup>5)</sup>	39,110	40,490	43,812	46,999	<b>49,750</b>
Aspo's operating profit, continuing operations	20,555,000	21,123,000	16,716,000	36,926,000	<b>33,910,000</b>

<sup>1)</sup> total remuneration of present and previous CEO in 2021

<sup>2)</sup> fixed salary portion of present and previous CEO in 2021

<sup>3)</sup> total remuneration of present CEO in 2022

<sup>4)</sup> fixed salary portion of present CEO in 2022

<sup>5)</sup> average salary development of an Aspo employee is calculated by dividing the total of wages and salaries the average number of employees during the year.

## FEES PAID TO THE BOARD OF DIRECTORS AND ITS COMMITTEES

Members of the Board of Directors are not in an employment or service relationship with Aspo or Aspo Group's subsidiaries, and they cannot participate in Aspo's short- or long-term incentive plans. Fees are paid to the members of the Board of Directors and its committees as monetary compensation.

Based on Aspo Plc's Annual Shareholders' Meeting held on April 6, 2022, the following fees were paid to the members of the Board of Directors and its committees in 2022:

### Board of Directors

Chair of the Board	EUR 5,400 per month
Vice Chair of the Board	EUR 4,050 per month
Board member	EUR 2,700 per month

### Committees

Chair of a committee	EUR 1,050 per meeting
Committee member	EUR 700 per meeting

If the Chair of a committee is also the Chair or the Vice Chair of the Board of Directors, the fee paid to the Chair of the committee will be the same as that paid to members of the committee. Board members having a full-time position in an Aspo Group company are not paid a fee.

Total fees paid to the members of Aspo's Board of Directors in 2022 were EUR 304,674. In addition to fees, the board members were reimbursed travel expenses related to Board or committee meetings.

No unpaid expiring fees payable to Board members remain for 2022.

## FEES PAID TO BOARD MEMBERS IN 2022 (EUR)

Name	Board of Directors	Audit Committee	Human Resources and Remuneration Committee	Total annual fees
Westerlund Heikki	64,800		4,200	69,000
Allam Patricia	32,400	5,600		38,000
Kaario Mammu	48,600	5,600		54,200
Kolunsarka Tapio <sup>1)</sup>	23,874		2,800	26,674
Laine Mikael	32,400	5,600		38,000
Pöyry Salla	32,400		4,200	36,600
Vehmas Tatu	32,400	5,600	4,200	42,200
<b>Total</b>	<b>266,874</b>	<b>22,400</b>	<b>15,400</b>	<b>304,674</b>

<sup>1)</sup> as of April 6, 2022

## REMUNERATION OF THE CEO

The remuneration paid to the CEO consists of a fixed salary, such as basic salary and fringe benefits, and variable components, such as short- and long-term incentives.

In 2022, the CEO Rolf Jansson was paid EUR 667,408 in salary, incentives, and fringe benefits. The proportion of the short-term incentive paid for 2021 was EUR 78,246 and the share of the restricted share plan 2020 announced in year 2020 was EUR 151,854.

On the basis of the **share-based incentive plan for 2021–2023**, no share-based payments were made to CEO in 2022, because the CEO was not

participating in the plan. The share-based incentive plan 2021–2023 had only one earnings period (year 2021).

In 2021, the CEO was provided with the right to participate in **the restricted share plan 2020**. On the basis of the restricted share plan 2020, a total of 10,000 Aspo shares were transferred to the CEO in June 2022. The remaining 10,000 shares will be transferred in accordance with the agreement in July 2023, i.e. when a year has passed since the participation prerequisite was full filled.

## CEO'S TOTAL REMUNERATION IN 2022 (EUR)

	eur
<b>Fixed salary</b>	
Salary and fringe benefits	437,308
<b>Variable remuneration</b>	
Short-term incentive for 2021 (STI)	78,246
Share-based incentive for 2021 (LTI)	
Restricted share plan 2020 (RSP)	<sup>1)</sup> 151,854
<b>Total</b>	<b>667,408</b>

<sup>1)</sup> includes an amount equaling the value of the shares which is paid in cash to cover taxes and tax-like levies

The short-term and long-term incentives paid to the CEO in 2022 accounted for 34% of the total amount of remuneration and 66% of the fixed annual salary.

In February 2022, the previous CEO was paid EUR 1,297,880 in salary, incentives, and fringe benefits. The proportion of the short-term incentive paid for 2021 was EUR 168,534, the share-based incentive plan for 2021–2023 EUR 299,757 (according to share price March 24, 2022), the severance pay EUR 646,368 and the proportion of voluntary defined contribution pension plan EUR 12,960.

## REMUNERATION DUE TO THE CEO FOR 2022

The remuneration to the CEO for 2022 that will fall due in 2023 is presented below.

	EUR / shares
<b>Variable remuneration</b>	
Short-term incentive from 2022 (STI)	174,902
Share-based incentive plan 2022–2024 (LTI), earnings period 2022	<sup>1)</sup> 22,500 shares
Restricted share plan 2020	<sup>1)</sup> 10,000 shares

<sup>1)</sup> does not include the amount equaling the value of the shares which is paid in cash to cover taxes and tax-like levies

## EARNINGS POTENTIAL AND PERFORMANCE INDICATORS FOR THE CEO'S VARIABLE REMUNERATION COMPONENTS

The CEO's earnings criteria, earnings potential, and the level of achievement for the short-term incentive are presented in the table below.

### SHORT-TERM INCENTIVE

Earnings criteria	Level of achievement	Weight	Earnings potential, % of annual basic salary
<b>Short-term incentive, year 2022</b>			50%
i) Group EBIT	100%	40%	
ii) Successful strategy implementation	75%	40%	
iii) Achieving the defined sustainability goals	50%	10%	
iv) Development of Aspo's management system, including capabilities, processes and communication	80%	10%	

Aspo's Board of Directors approved the performance indicators and the payments to be made based on them according to the Human Resources and Remuneration Committee's proposal.

## LONG-TERM INCENTIVE PLAN

The CEO's earnings criteria, earnings potential, and the level of achievement for the long-term incentive are presented in the table below.

### SHARE-BASED INCENTIVE PLAN 2022–2024

Earnings criteria	Level of achievement	Weight	Earnings potential, EUR
<b>Share-based incentive plan 2022–2024, earnings period 2022</b>			
Group earnings per share (EPS)	100%	80%	<sup>1)</sup> 299,200
Sustainability indicators:			
emission intensity (CO <sub>2</sub> (tn) / net sales (t€))	100%	10%	<sup>1)</sup> 37,400
accident frequency (LTIFR)	0%	10%	<sup>1)</sup> 37,400

<sup>1)</sup> at the share price on the date of issue

<sup>1)</sup> includes the amount equaling the value of the shares which is paid in cash to cover taxes and tax-like levies

In February 2022, the Board of Directors of Aspo decided to establish a new share-based incentive plan for 2022–2024. The share-based incentive plan consists of three earnings periods, with the earned reward being based on the Group's earnings per share (EPS, weight value 80%) and two sustainability indicators (emission intensity and accident frequency, weight value 20%). Participation in the plan and obtaining rewards require that the CEO allocates the freely transferable company shares he holds to the plan or acquires the company's shares up to the quantity determined by the Board of Directors.

The potential reward will be paid partly in the company's shares and partly in cash in 2023, 2024 and 2025. The cash proportion is intended to cover taxes and tax-related levies arising from the reward. As a rule, no reward will be paid if the CEO's employment or service ends before the reward payment. The shares paid as reward may not be transferred during the restriction period. If the CEO contract of the CEO terminates during the restriction period, they must gratuitously return the shares earned as reward.

## RESTRICTED SHARE PLAN 2020

	Earnings potential, shares	Monetary share	Payment year	Other
<b>Restricted share plan 2020</b>				
Participation Prerequisite was to acquire 20,000 Aspo shares, which was full filled in July 2022	10,000 shares	EUR 75,927	2022	The vesting period is 36 months
	10,000 shares		2023	The vesting period is 36 months

In 2021, the CEO was provided with the right to participate in the restricted share plan 2020 so that the CEO is required to acquire 20,000 Aspo shares. The CEO's remuneration is 20,000 Aspo shares (net). On the basis of the restricted share plan 2020, a total of 10,000 Aspo shares were transferred to the CEO in June 2022. In addition, a cash proportion equaling the value of the shares was paid. The remaining 10,000 shares will be transferred in accordance with the agreement in July 2023, i.e., when a year has passed since the participation prerequisite was fulfilled.

The reward from the restricted share plan 2020 is based on the CEO's valid employment or service and continuation of employment during the vesting period of 36 months. The reward is paid in company shares and a cash contribution not exceeding the value of the shares. The cash proportion to be paid in addition to the company's shares is intended to cover taxes and tax-like levies arising from the remuneration to the CEO. The shares paid as a reward may not be transferred during the vesting period, which ends three years after the transfer of the shares to the CEO.

## THE OTHER TERMS OF THE CEO'S EMPLOYMENT RELATIONSHIP

The terms of the CEO's service relationship have been agreed in writing in the CEO agreement. The maximum amount of the short-term incentive to be paid to CEO has been defined as an amount corresponding to six months' salary. The period of notice applied to the CEO's service relationship is six months. If notice is given by the company, a severance pay corresponding to six months' salary will be paid in addition to the salary for the notice period. The CEO's retirement age is the lowest statutory retirement age.

March 9, 2023

Aspo Plc