This is a machine translation of the original document.
In case of discrepancies or disputes, interpretation of the Estonian-language original shall apply.

Approved on the meeting of the Supervisory Board of AS Merko Ehitus on 03.02.2026

Principles of remuneration and control procedure for the members of the Management Board of AS Merko Ehitus

1. The principles of remuneration and the control procedure of the members of the Management Board set out in this document are valid from 01.01.2021 and are reviewed by the Supervisory Board at least once every four years and each time at the request of the General Meeting of Shareholders.
2. The permanent components of the remuneration of the members of the Management Board [1], including remuneration, regular benefits or allowances, including benefits upon termination of the employment contract and their terms, shall be approved by the Supervisory Board on an individual basis as part of the decision to enter into or extend the contract.
3. The amount of the performance fee to be paid as a variable component of the remuneration of the members of the Management Board is decided by the Supervisory Board each time, once a year after the results of the financial year become clear.
4. The annual performance fee of the members of the Management Board consists of two parts.

   4.1. Amount determined on the basis of the Group's return on equity (ROE).

   4.1.1. If the ROE for the financial year is in line with the Group's long-term financial target of 10%, the members of the Management Board are paid a performance fee of 6 months. If the ROE exceeds 10%, the performance fee will increase in proportion to the increase in ROE.

   4.1.2. if the ROE rate is significantly affected by extraordinary payments from the Group's equity or restructuring, the Supervisory Board has the right to adjust the part of the performance fee paid on the basis of the ROE accordingly.

   4.2. The amount determined by the Supervisory Board based on the Supervisory Board's assessment of the achievement of strategic objectives and other performance indicators based on the economic environment, the situation in the construction and real estate market and other factors that favor or hinder the Group's operations. The Council shall also take into account the role and contribution of the members of the Management Board, taking into account:

   4.2.1. the amount to be determined by the Council shall be by consensus;

   4.2.2. the maximum amount of a given share of the performance fee is not limited.
5. 65% of the amount determined as performance fee is paid to the members of the Management Board after the approval of the unaudited results of the Group's financial year by the Supervisory Board and the remaining 35% after the approval of the annual report by the general meeting of shareholders.
6. The Supervisory Board may, by decision, award a one-time bonus to the members of the Management Board in connection with extraordinary changes in the structure or management of the Group or upon termination of the employment contract, if the following conditions are met:

   6.1. the corresponding extraordinary change in structure or management has been approved by the Supervisory Board;

   6.2. the supervisory board considers that the payment of the bonus is necessary to ensure the long-term interests and sustainability of the group;

   6.3. the employment contract of a member of the management board has been valid for at least 7 years;

   6.4. the decision of the council to pay the bonus is consensual.

[1] The permanent components constitute the basic salary within the meaning of the terms used in §135 [2]-135 [3 of the] VPTS .

7. There is no limit to the maximum amount of the bonus in point 6.
8. The Supervisory Board, either directly or through the Audit Committee, monitors compliance with the remuneration principles and applies, inter alia, the following control procedures:

   8.1. when approving the fixed components of remuneration, the Supervisory Board verifies that their total amount is sufficient even if no performance fee is set or paid;

   8.2. the supervisory board shall assess whether the total amount of payments made to the members of the management board is reasonably commensurate with the responsibilities and duties of the members of the management board and the financial situation of the group;

   8.3. if the audited financial results of the group differ significantly from the unaudited financial results on the basis of which the performance fee was determined , the supervisory board has the right to adjust the part of the unpaid performance fee specified in clause 4 or 6;

   8.4. The Supervisory Board assesses whether in previous years the performance fee was based on data that turned out to be materially inaccurate or incorrect.

   8.5. In case the assessments made according to paragraphs 8.1 to 8.4 give reason to reduce the performance fee or initiate clawback of the performance fee paid to the members of the management board, the supervisory board shall determine the scope of such requirement and the person responsible for its implementation.

This is a machine translation of the original document.
In case of discrepancies or disputes, interpretation of the Estonian-language original shall apply.