

# BORES

REMUNERATION REPORT OF GOVERNING BODIES

2022



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## INTRODUCTION

This remuneration report contains information on the remuneration of the Board of Directors and the CEO of Boreo Plc for the period January 1 to December 31, 2022. The report is based on the recommendations of the Finnish Securities Market Association's 2020 Corporate Governance Code and the requirements of the Securities Market Act and the Limited Liability Companies Act.

Boreo Plc's remuneration is based on the remuneration policy approved at the Annual General Meeting on April 19, 2022. According to the remuneration policy, the company's financial performance, the skills and performance of people involved, the complexity of their duties and external remuneration references in the relevant markets are considered when determining remuneration.

The remuneration of the CEO also addresses this specific roles' impact on forming and implementing the company's business strategy, as well as in achieving the short- and long-term financial results.

## COMPARISON OF 5-YEAR DEVELOPMENT OF BOARD OF DIRECTORS, CEO AND EMPLOYEE REMUNERATION

According to Boreo Plc's remuneration policy, the remuneration of the CEO is significantly influenced by the performance-based, variable component. Thus, the development of the company's key financial figures is reflected in the remuneration of the CEO.

The composition and size of the Board of Directors has varied significantly in 2018–2022. During this period, the average size of the Board of Directors was six persons, but fees were paid annually to 5–8 persons due to changes in the composition of the Board of Directors. In 2022, the Board of Directors comprised six persons and one change took place.

The remuneration of Boreo Plc's governing bodies in 2022 was accordant to the principles described above. The remuneration of the Board of Directors is based on generally accepted remuneration plans for members of the Board so that the Board as a whole is able to support the development of the Company's current and future business in the best possible way. The incentivisation effect, consistency and competitiveness of total remuneration were realized in the remuneration of the CEO.

The target setting in Boreo Plc's remuneration models is constructed so that the company's key financial figures and their positive development are at the core. This aims to ensure that excellent performance also leads to a positive outcome for the company's business objectives and that the company's profitability develops positively in the short and long term.

Boreo did not deviate from the remuneration policy of governing bodies during 2022. No recovery of remuneration took place in 2022 and no information has come to the attention of Boreo after the end of the financial period that would lead to the recovery of remuneration.

During the financial period 2021, the company established an independent committee to be temporarily responsible for Board work during the preparation of the Sievi Capital Oyj merger. During the operating time of the independent committee, a fee for the Chairman of the Board was introduced on a fixed-term basis, and meeting fees were paid to the members of the committee.

In the financial period 2022, the Chairman of the Board started to receive Board fees and meeting fees in accordance with the decision of the Annual General Meeting held on April 19, 2022. No increase in the monthly and meeting fees was proposed from the level of the previous year.



## DEVELOPMENT OF BOARD OF DIRECTORS' FEES



\*Includes non-recurring special fees related to the independent committee in 2021 (EUR 44,000). From April 19, 2022, the Chairman has received Board and meeting fees amounting to EUR 36,000 in 2022.

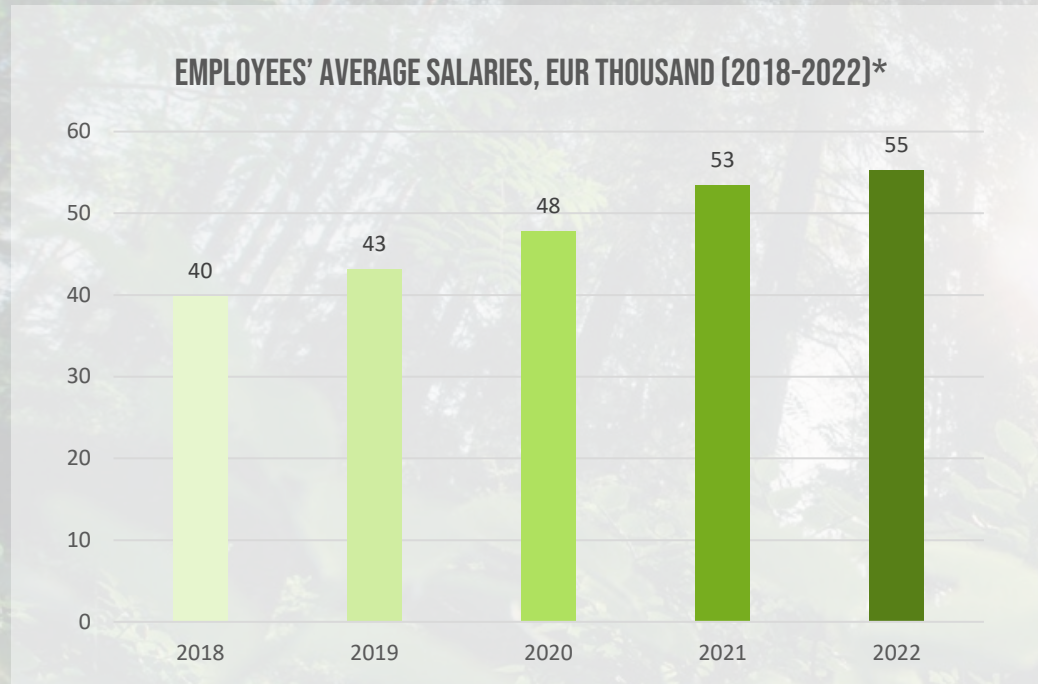
## DEVELOPMENT OF THE CEO'S REMUNERATION



\*Change of CEO took place in 2020.



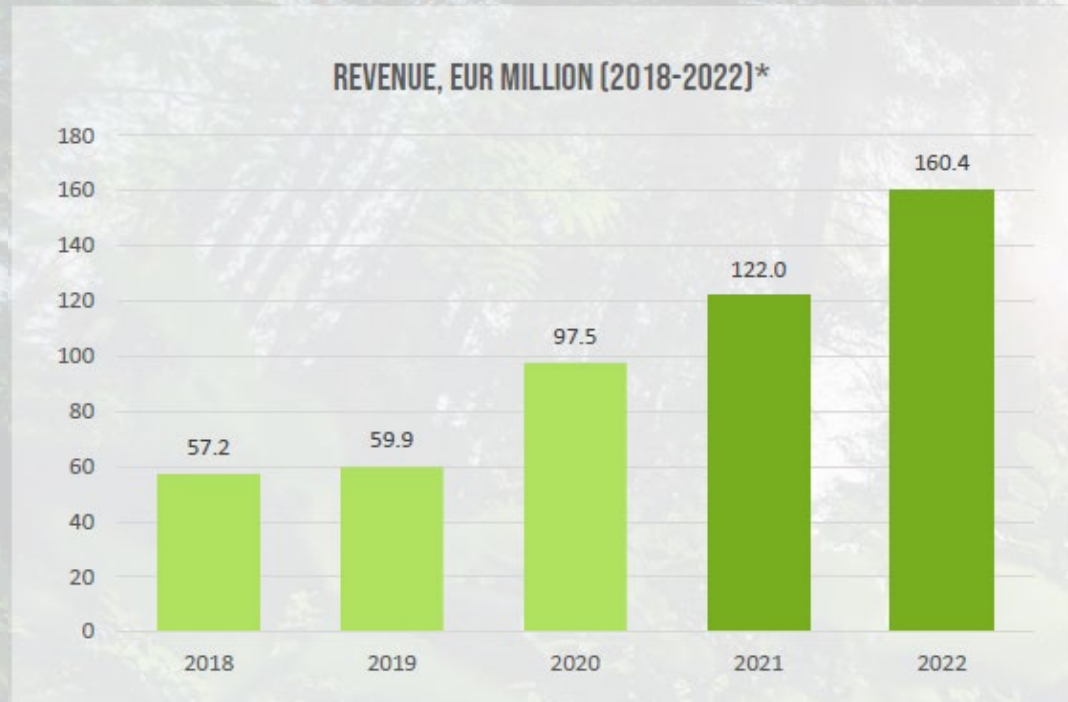
## DEVELOPMENT OF EMPLOYEES' AVERAGE SALARIES



\*Remuneration of employees consists of the average total salaries of employees, including basic salaries, fringe benefits and paid variable incentives. There were considerable structural changes in the Group in 2018–2022 due to acquisitions. This weakens the comparability of figures when analysing employee remuneration development. The Russian operations sold in August 2022 have been fully eliminated from the figures. In addition, the formula for calculating employees' average salaries was changed in 2022 to give a more accurate picture of average salaries in case of acquisitions, and the average salaries for 2018–2021 were adjusted correspondingly.



## THE COMPANY'S FINANCIAL DEVELOPMENT



\*In 2021–2022, revenue describes the company's continuing operations and thus does not include Russian operations that were sold in August 2022 and classified as discontinued operations in the 2022 financial statements.



\*In 2021–2022, operational EBIT describes the company's continuing operations and thus does not include Russian operations that were sold in August 2022 and classified as discontinued operations in the 2022 financial statements.



## REMUNERATION OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD JAN. 1 – DEC. 31, 2022

Member of the Board	Monthly fees	Meeting fees	Shares*	Asset transfer tax	Total
Camilla Grönholm	19,200	10,000	9,616	181	38,997
Jouni Grönroos	25,200	8,000	9,616	181	42,997
Simon Hallqvist	32,000	4,000	0	0	36,000
Ralf Holmlund	13,200	8,500	9,616	181	31,497
Juhani Mykkänen	10,547	3,000	9,616	181	23,344
Michaela von Wendt	13,200	8,500	9,616	181	31,497
Martti Yrjö-Koskinen	0	0	0	0	0
<b>Total</b>	<b>113,347</b>	<b>42,000</b>	<b>48,079</b>	<b>906</b>	<b>204,332</b>

\*The value of share-based fees has not been amortized for the financial period.

In accordance with the decision of the Annual General Meeting of April 19, 2022, the fees were not raised and therefore the remuneration of the members of the Board is EUR 2,000 per month and the remuneration of the Chairman of the Board is EUR 4,000 per month. 60% of the remuneration is paid in cash and 40% in company shares. However, the Board fee paid to the Chairman of the Board, Simon Hallqvist, is paid in full in cash because it is not in the company's interest to increase the holding of Simon Hallqvist (actual main owner through Preato Capital AB) with Board fees. The fee for the Chairman of the Audit Committee is EUR 1,000 per month. The fee of the Chairman of the Remuneration and Nomination Committee is EUR 500 per month. Each member of the Board of Directors and the Committees is paid EUR 500 in meeting fees per Board and Committee meeting.

Each member of the Board (excluding the Chairman) received 229 own shares held by Boreo Plc on May 19, 2022 as part of their remuneration in accordance with the decision of the Annual General Meeting. The value of the shares was EUR 41.99 per share. The value of shares has not been amortized for the financial period. The company also paid the asset transfer tax related to the transfer of the Board members' shares, which has been recognized as a benefit received in the taxation of the Board members.

### OTHER FINANCIAL BENEFITS

In addition to the above fees, no other financial benefits were paid to the members of the Board. No separate remuneration was paid to Committee members in addition to the fees mentioned above.



## REMUNERATION OF THE CEO FOR THE FINANCIAL PERIOD JAN. 1 – DEC. 31, 2022

The remuneration of the CEO consists of a fixed basic salary and fringe benefits, as well as a short-term incentive plan and a possible long-term incentive plan based on a separate decision of the Board of Directors. The table below shows the remuneration of Boreo Plc's CEO of for the financial period 2022.

Remuneration of the CEO (€)	Basic salary	Other financial benefits and compensations*	Short-term incentive plan**	Long-term incentive plan***	Total
Kari Nerg	244,667	29,280	70,487	0	344,434

\*Other financial benefits and compensations including, e.g., holiday compensation, holiday bonus and fringe benefits

\*\*The short-term incentive plan earned for 2022 will be EUR 39,930 and will be paid in April 2023.

\*\*\*The annual amortized value of the long-term incentive plan benefit granted in June 2022 is EUR 28,245 and the incentive is paid in July 2025 if the conditions are met.

### FIXED BASIC SALARY AND FRINGE BENEFITS

The fixed basic salary of the CEO is reviewed annually. The CEO is entitled to the benefit package in force at any time. In 2022, the CEO's taxable fringe benefits included a mobile phone benefit.

### SHORT-TERM INCENTIVE PLAN

The CEO has a short-term incentive plan, the terms of which are reviewed annually. Under the short-term incentive plan, some targets are linked to financial indicators and some to qualitative and/or personal indicators. Incentives can be paid up to the equivalent of 6 months' basic salary. The 2021 short-term incentives were paid in 2022. The short-term incentives based on 2022 performance will be paid in spring 2023, and will at most be equivalent to 6 months' basic salary.

### SUPPLEMENTARY PENSION CONTRIBUTIONS

Boreo Plc's CEO has not had any pension terms or supplementary pension contributions that deviate from the statutory pension scheme during the financial period 2022.

### LONG-TERM INCENTIVE PLAN

Boreo Plc's Board of Directors also resolved on June 10, 2022 on a Matching Share Plan directed to the company's key employees in which the participants are entitled to receive matching shares gratuitously after the three-year (3) matching period. The amortized value of the benefit granted to the CEO under the long-term incentive plan may not exceed 25% of the annual basic salary.

Boreo Plc's CEO Kari Nerg subscribed for 6,768 shares in the personnel issue carried out on June 14–26, 2022. The value of the shares acquired by the CEO was EUR 254,206. Thus, in July 2025, he may be paid remuneration in the form of a maximum of 2,256 company shares, including the cash component for the payment of taxes. In 2022, no long-term incentive was paid to the CEO.



## OTHER FINANCIAL BENEFITS AND COMPENSATIONS

No signing fees, commitment fees or severance pays were paid in 2022. The CEO's contract includes a severance pay in the event that Boreo Plc terminates the employment. In addition to 6 months' redundancy pay, the CEO is entitled to severance pay corresponding to 6 months' basic salary.

## SHAREHOLDINGS

At the end of 2022, the CEO owned 42,138 Boreo Plc shares (of which 35,370 through AK Capital Oy, a controlled corporation).