

# Remuneration Report of Suominen Corporation

## 1. Introduction

### REMUNERATION POLICY FOR GOVERNING BODIES OF SUOMINEN CORPORATION AT A GLANCE

According to the Remuneration Policy (the "Remuneration Policy" or "Policy") for Governing Bodies of Suominen Corporation ("Suominen" or the "Company") approved by the Annual General Meeting (the "AGM") on March 19, 2020, Suominen's aim is to offer a framework for remuneration that incentivizes to pursue towards the Company's long-term financial performance and shareholder value creation.

The Policy has the following guiding principles:

1. Total remuneration opportunity shall be competitive enough in relation to the market
2. Performance-based incentives form a significant part of the President & CEO's total target remuneration in order to emphasize a strong pay-for-performance alignment
3. Majority of the performance-based incentives emphasize long-term, rather than short-term performance and have a straight link to shareholder value
4. Share ownership requirement is set for the President & CEO in order to ensure balanced risk taking

The General Meeting determines the remuneration of the Board of Directors (the "Board"). The Shareholders' Nomination Board prepares the proposal for the General Meeting.

The President & CEO's (the "CEO") remuneration consists of a fixed base salary (including fringe benefits) and variable incentives. Variable incentives can be short-term, such as cash bonuses, or long-term, such as share-based incentive plans. Share-based incentive plans can be used for rewarding for performance and/or for retention purposes. The aim of the Board is that variable remuneration shall form a significant portion of the annual remuneration opportunity at the target level granted to the CEO. On average, variable incentives shall at target level be equal to the CEO's fixed annual salary. If the performance exceeds the Board's expectations, the variable incentives shall exceed the fixed annual salary.

The Board may deviate from the Policy in certain exceptional situations. To read the full Policy, please visit our website:

[www.suominen.fi/investors/corporate-governance/remuneration/](http://www.suominen.fi/investors/corporate-governance/remuneration/).

### 2022 CEO REMUNERATION AT A GLANCE

Petri Helsky acted as the Company's CEO until November 30, 2022. There were no changes in the CEO's compensation structure in 2022.

The total remuneration paid to Petri Helsky in 2022 increased from the previous year mainly due to a higher reward from the Long-Term Incentive (the "LTI") Plan Performance Period 2019–2021 compared to the previous Performance Period. On the other hand, his reward from the Global Short-Term Incentive (the "STI") Plan 2021 was lower compared to the previous year.

The remuneration earned by Petri Helsky in 2022, payable in 2023, consists of rewards under the Global STI Plan 2022 and the LTI Plan Performance Period 2020–2022. The outcome from the Global STI Plan 2022 was between the threshold and the target, and from the LTI Performance Period 2020–2022 between the target and the maximum level.

Klaus Korhonen, the Company's SVP, HR & Legal was appointed as an interim CEO as of November 30, 2022. He receives an increased base salary for the interim role, but otherwise his remuneration and terms of employment remained as they were.

For further information on the Company, Board and executive remuneration, please visit our website:

[www.suominen.fi/investors/corporate-governance/remuneration/](http://www.suominen.fi/investors/corporate-governance/remuneration/).

## 1.1 Letter from the Chair of the Board and the Personnel and Remuneration Committee

Dear Shareholders,

As the Chair of Suominen's Board of Directors and the Personnel and Remuneration Committee (the "PRC"), I am pleased to present Suominen's Remuneration Report for the financial year 2022. The report has been approved by the Board on February 2, 2023.

2022 was a difficult year for Suominen. The unprecedented raw material inflation which impacted significantly already in 2021 persisted, and additionally also energy costs surged in 2022. Suominen's net sales in 2022 reached EUR 493.3 million, which represents record annual net sales for Suominen. Suominen's comparable EBITDA decreased clearly from the previous year and was EUR 15.3 million, as the higher sales prices could not fully compensate for the volume loss and higher raw material and energy costs.

We continued the implementation of our strategy focusing on innovation and sustainability. The current strategy was launched in 2020 under the leadership of Petri Helsky who stepped down from his position in November 2022. I want to warmly thank Petri for all of his contribution and efforts during the past four years as the CEO of Suominen.

In spring 2023, Suominen will welcome a new CEO to continue the good work. Tommi Björnman was appointed Suominen's CEO in November 2022, and he will start in May 2023 at the latest.

In line with our Remuneration Policy, we aim to offer the CEO a remuneration structure that incentivizes towards the achievement of Suominen's strategic targets and long-term shareholder value creation. We utilize both short-term and long-term performance-based incentives for which the Board annually selects appropriate performance metrics that steer towards the implementation of Suominen's strategy and the achievement of sustainable financial results in a competitive market.

Rewards under all ongoing LTI Performance Periods are awarded based on three-year relative Total Shareholder Return ("TSR"). The Board considers this to be the most important performance indicator to assess whether the

Company's strategy is successfully implemented in the long term. On the other hand, financial and operative metrics and other strategic targets are being set and followed in the annual Global STI Plan, which aligns short-term strategic actions with long-term shareholder value creation.

During 2022, we have continued to comply with and execute the Remuneration Policy as approved by the 2020 AGM. There was no need to temporarily deviate from the Policy.

This is the third Remuneration Report for Suominen as required by the Finnish Corporate Governance Code 2020. This report is based on the same format as our Remuneration Report 2021 which was approved by 89.6% of the votes cast (advisory voting) in the 2022 AGM. We continue to welcome shareholder feedback regarding our remuneration and reporting.

**Jaakko Eskola**  
Chair of the Board and  
the Personnel and  
Remuneration Committee



## 1.2 Pay-for-performance during the preceding five years

This section presents a comparison between the remuneration of the CEO and the Board, the average employee remuneration and the Company performance for the financial years 2018 to 2022.

During the last five years, remuneration for the CEO and our employees (on average) has been quite well in alignment with the Company's performance. When interpreting the figures in the table below, it is good to note two things:

1. For the CEO, the figures represent remuneration paid during that financial year, and a portion of such remuneration may have been earned during the previous year or years.
2. Employee pay figures, however, are accrual-based figures from financial statements, meaning that some of the wages and salaries (for example bonuses) have been earned but not paid during that year.

Pay-for-performance philosophy is widely followed at Suominen and many of the performance metrics incentivizing the CEO are similarly used to incentivize the employees. Accordingly, the average employee pay fluctuates in accordance with the Company's performance, but to a lesser degree than executive pay, as a smaller portion of total remuneration consists of variable remuneration.

The Board members do not participate in any incentive schemes and correspondingly the Board remuneration has remained rather stable with occasional increases to annual and meeting fees. Variation mainly occurs due to different number of Board and Committee meetings during the year.

## Remuneration development and company performance 2018–2022

	2018	2019	2020	2021	2022
CEO (Petri Helsky, until Nov 30, 2022) total remuneration <sup>1</sup> (EUR thousand)		474.6	745.4	957.9	1,118.9
Interim CEO (Klaus Korhonen, as of Nov 30, 2022) fixed remuneration <sup>2</sup> (EUR thousand)					20.4
Previous CEO (Nina Kopola) total remuneration <sup>3</sup> (EUR thousand)	985.1				
Interim CEO (Tapio Engström) fixed remuneration <sup>2</sup> (EUR thousand)	99.7				
Index <sup>4</sup>	100%	44%	69%	88%	105%
Employee pay (average) <sup>5</sup> (EUR thousand)	52.7	54.9	59.9	53.4	58.9
Index <sup>4</sup>	100%	104%	114%	101%	112%
Total Board remuneration <sup>6</sup> (EUR thousand)	236.0	244.5	275.3	258.4	285.0
Index <sup>4</sup>	100%	104%	117%	110%	121%
Jaakko Eskola				69.9	75.0
Andreas Ahlström	31.5	33.0	38.0	35.7	39.0
Laura Raitio	32.0	33.0	38.0	35.7	39.0
Björn Borgman			33.3	35.4	39.5
Nina Linander			43.5	46.8	52.5
Aaron Barsness					40.0
Sari Pajari-Sederholm		28.0	37.3	34.9	
Jan Johansson	67.0	70.0	76.3		
Risto Anttonen	41.5	43.0	4.5		
Hannu Kasurinen	32.0	33.5	4.5		
Jaana Tuominen	32.0	4.0			
3-year TSR <sup>7</sup> (%)	-58%	-34%	12%	126%	41%
Share price development <sup>8</sup> (EUR)	2.24	2.34	4.90	4.82	2.86
Index <sup>4</sup>	100%	104%	219%	215%	128%
EBITDA (EUR million)	25.6	33.7	60.9	47.0	15.3
Index <sup>4</sup>	100%	132%	238%	184%	60%

<sup>1</sup> Petri Helsky started as the CEO in January 2019. CEO total remuneration includes all payments made to the CEO during the financial year.

<sup>2</sup> Interim CEO remuneration in 2018 and 2022 is from the time period they acted as interim CEO and includes only the fixed salary paid during the following time periods:

- Klaus Korhonen November 30, 2022–December 31, 2022

- Tapio Engström August 4, 2018–December 31, 2018

<sup>3</sup> Previous CEO Nina Kopola's pay in 2018 includes base salary and benefits until August 3, 2018, severance payments of EUR 482,819 and the value of 14,182 shares received as reward from the LTI Plan. Kopola's total remuneration includes all payments made to the CEO during the financial year.

<sup>4</sup> First year (2018) in the time-series set at 100%.

<sup>5</sup> Employee pay is the wages and salaries of our personnel from the Financial Statements divided by the average number of employees.

<sup>6</sup> Total Board remuneration includes all payments made to the Board during the financial year.

<sup>7</sup> Total Shareholder Return (share price increase plus dividend yield) is calculated based on the 3-month closing average prior to the end of the financial year. For example, the 3-year TSR for 2022 is calculated as (Q4/2022 average share price - Q4/2019 average share price) ÷ Q4/2019 average share price + (paid dividends in 2020, 2021 and 2022) ÷ Q4/2019 average share price.

<sup>8</sup> Share price development is calculated based on the 3-month closing average prior to the end of the financial year.

### 1.3 Information on the previous vote for the Remuneration Report and any deviations or clawbacks made

At the AGM on March 24, 2022, 89.6% of the votes cast were in favor of the Remuneration Report 2022. The PRC and the Board have considered the feedback provided by the shareholders and have, for example, elaborated on the relative TSR target used in the LTI Plans.

During 2022, Suominen has not exercised any rights to reclaim (clawback) or cancel (malus) any paid or unpaid incentives. Also, there was no need to deviate from the Remuneration Policy during 2022.

## 2. Remuneration of the Board of Directors for the preceding financial year

As stated in the Remuneration Policy approved at the 2020 AGM, the General Meeting determines the remuneration paid to the members of the Board in advance, for one year at a time. Shareholders' Nomination Board prepares independently a proposal on the remuneration of the Board to be presented for the General Meeting.

The basis for determination of the Board remuneration is to ensure that the remuneration is competitive in relation to the market and that the remuneration reflects the competencies and efforts required from the members of the Board to fulfill their duties.

Suominen's AGM held on March 24, 2022 resolved to increase the annual remuneration payable to the members of the Board. The current remuneration is as follows:

- The Chair is paid an annual fee of EUR 70,000
- The Deputy Chair and other Board members are paid an annual fee of EUR 33,000
- The Chair of the Audit Committee is paid an additional fee of EUR 10,000
- Further, the members of the Board receive a fee for each Board and Committee meeting as follows:
  - EUR 500 for each meeting held in the home country of the respective member
  - EUR 1,000 for each meeting held elsewhere than in the home country of the respective member
  - EUR 500 for each meeting held as a telephone conference

75% of the annual fee was paid in cash and 25% in Suominen's shares. The shares were transferred out of the own shares held by the Company by the decision of the Board on May 15, 2022.

Members of the Board are not employees of Suominen and do not participate in any Suominen incentive scheme or pension arrangement. In accordance with the

pension laws in Sweden, the fees paid to the Swedish members of the Board are subject to employment pension contributions. All payments to the members of the Board during 2022 have been in compliance with the Remuneration Policy. In 2022, the following fees were paid to the members of the Board:

### Remuneration of the Board of Directors in 2022

		Annual remuneration paid in cash (EUR)	Value of the annual remuneration paid in shares (EUR)	Annual remuneration paid in shares (nr of shares)	Meeting fees (EUR)	Total (EUR)
Jaakko Eskola	Chair	53,323.46	16,676.54	5,311	5,000	75,000
Andreas Ahlström	Deputy Chair	25,140.58	7,859.42	2,503	6,000	39,000
Aaron Barsness	Member	25,140.58	7,859.42	2,503	7,000	40,000
Björn Borgman	Member	25,140.58	7,859.42	2,503	6,500	39,500
Nina Linander*	Member	32,757.32	10,242.68	3,262	9,500	52,500
Laura Raitio	Member	25,140.58	7,859.42	2,503	6,000	39,000

\* Chair of the Audit Committee; including an additional fee of EUR 10,000

Remuneration of the members of the Board of Directors, including the value of the remuneration paid in Suominen shares, totaled EUR 285,000 in 2022.

Additionally, compensation for expenses has been paid in accordance with the Company's travel policy.

## 3. Remuneration of the President & CEO for the preceding financial year

The year 2022 was exceptional for Suominen as two CEOs acted in the role during the year.

### Petri Helsky, from January 1, 2022 to November 30, 2022

Petri Helsky acted as the Company's CEO until November 30, 2022.

In 2022, Petri Helsky's remuneration consisted of fixed base salary (including fringe benefits), supplementary pension, and variable incentives including rewards from the Global STI Plan 2021 and LTI Performance Period 2019–2021 as well as a supplementary bonus.

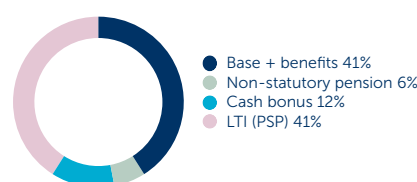
In 2022, Petri Helsky was paid a total remuneration of EUR 1,118,937 consisting of fixed salary and benefits of EUR 458,494, a supplementary pension payment of EUR 67,576, a cash bonus of EUR 129,500, and a reward from the LTI Performance Period 2019–2021 of EUR 463,367 (60,739 Suominen shares + cash proportion to cover taxes).

The payment under the Global STI Plan 2021 was based on overall achievement of the KPIs set for 2021, i.e., Group EBITDA (50% weight), Group Contribution Margin (20% weight) and specific sustainability-related personal targets (30% weight). The outcome for these targets in total was between the threshold and the target, resulting in a payment of EUR 116,704. In addition, the CEO was paid a supplementary bonus of EUR 12,796 based on reaching the threshold on the set 2021 annual Group EBITDA target.

The payment under the LTI Performance Period 2019–2021 was based on relative TSR where the TSR of Suominen's share was compared to the TSR of all shares listed on Nasdaq Helsinki. TSR was calculated based on the volume-weighted average share price change between Q4/2018 and Q4/2021 plus dividends paid in 2019–2021. Suominen's TSR ranked 25th and placed the Company above the 80th percentile which was between the target (60th percentile) and the maximum (90th percentile).

Fixed pay formed 44% and variable pay 56% of the total remuneration paid to the CEO in 2022. Non-statutory pensions are considered neither fixed nor variable pay.

Total CEO pay in 2022 in proportions



### STI 2021 KPIs and achievement for the CEO\*

KPI	Weight	Achievement
Group EBITDA	50%	Between threshold and target
Group CM	20%	Below threshold
Personal targets	30%	Reached maximum
Total	100%	Between threshold and target

\* Paid during 2022

In 2022, Petri Helsky earned the following variable incentives which are to be paid in 2023:

The reward from the Global STI 2022 was based on Group EBITDA (70% weight) and specific sustainability-related personal targets (30% weight). The outcome for these targets in total was between the threshold and the target, equaling to EUR 75,276.

The reward from the LTI Performance Period 2020–2022 was based on relative TSR where the TSR of Suominen's share was compared to the TSR of all shares listed on Nasdaq Helsinki. TSR was calculated based on the volume-weighted average share price change between Q4/2019 and Q4/2022 plus dividends paid in 2020–2022. Suominen's TSR ranked 45th and placed the Company above the 63rd percentile which was between the target (60th percentile) and the maximum (90th percentile). This resulted in a gross reward of 123,924 Suominen shares to the CEO.

Petri Helsky and the Company have mutually agreed on the termination of Helsky's CEO agreement on November

30, 2022. According to the agreement, Petri Helsky shall be paid a contractual 6 months' notice period base salary (including fringe benefits). He shall also be paid a supplementary pension contribution of 11.5% of the salaries and fringe benefits to be paid in 2023. Additionally, Petri Helsky is entitled to a severance pay of EUR 418,200, to be paid in 2023.

### **Klaus Korhonen, from November 30, 2022 to December 31, 2022**

Klaus Korhonen, the Company's SVP, HR & Legal held the position of interim CEO as of November 30, 2022. He received an increased base salary for the interim role but otherwise his terms of employment remained the same. Klaus Korhonen's actual paid base salary including benefits was EUR 20,371 in November 30, 2022– December 31, 2022.

**CEO Petri Helsky's remuneration in 2022 is further described in the table below.**

<b>Element</b>	<b>Quantum</b>	<b>Purpose, link to strategy and description from the remuneration policy</b>	<b>Comment on compliance</b>
<b>Base salary + benefits</b>	<p>Paid in 2022 (including holiday pay):</p> <p>Base salary: EUR 439,868</p> <p>Benefits: EUR 18,626</p>	<p>The purpose is to provide fixed remuneration that is competitive with the external market and reflects the scale and complexity of the Company's business. Base salary includes taxable fringe benefits, such as a company car, lunch and a telephone. Base salary is determined based on a variety of factors, such as market level and the individual's skills and experience. Base salary is typically reviewed annually.</p>	<p>Complies with the Policy: The CEO has benefits such as a company car, health insurance, lunch and a telephone.</p>
<b>Supplementary pension arrangement</b>	<p>Paid in 2022: EUR 67,576</p>	<p>The purpose is to provide a competitive level of retirement income. The supplementary pension plan is a defined-contribution pension scheme. The pension allowance is determined based on the CEO's annual base salary, benefits and cash bonus.</p>	<p>Complies with the Policy: The CEO participates in a non-statutory defined contribution pension plan. The Company's contribution was 11.5% of the estimated annual base salary, benefits and cash bonus in 2022. Pension starts from the age of 63.</p>
<b>Cash bonus (Short-term remuneration)</b>	<p>Earned from financial year 2021 (Global STI 2021), paid in 2022: EUR 116,704</p> <p>Earned from financial year 2021 (Supplementary bonus), paid in 2022: EUR 12,796</p> <p>Earned from financial year 2022 (Global STI 2022), to be paid in 2023: EUR 75,276</p>	<p>The purpose is to steer towards and reward for the achievement of short-term financial and operational performance and to support the delivery of the business strategy. Performance is measured over one year and the cash bonus is paid after the year end. The cash bonus is paid in cash based on the achieved one-year performance.</p>	<p>Complies with the Policy: Maximum STI% in 2021 and 2022 was 60% of the annual base salary (excluding holiday pay). Both in 2021 and in 2022, the total achievement was between the threshold and the target.</p> <p>In November 2021, the Board of Directors decided to introduce a supplementary bonus opportunity for all employees eligible in the Global STI 2021, including the CEO. This resulted in a pay-out in 2022.</p>



Element	Quantum	Purpose, link to strategy and description from the remuneration policy	Comment on compliance
<b>Share-Based Incentive Plans (Long-Term Remuneration)</b>	<p>Earned from LTI Performance Period 2019–2021, paid in 2022: 128,563 gross shares with a value of EUR 463,367. Net shares delivered: 60,739</p> <p>Earned from LTI Performance Period 2020–2022, to be paid in 2023: 123,924 gross shares</p>	<p>The purpose is to reward for the delivery of long-term shareholder value, to align the President &amp; CEO’s interests with those of the shareholders and to increase the value of the Company by offering a share ownership-based reward structure. The President &amp; CEO may have share-based incentive plans, which reward for the Company’s performance or which are used for retention purposes.</p> <p>Currently Suominen’s performance-based long-term incentive mechanism is a share-based plan, which offers the President &amp; CEO the opportunity of earning a predetermined number of Suominen shares as a reward. Payment of the reward is dependent on the achievement of performance targets set by the Board of Directors and continued employment.</p> <p>The Board of Directors resolves the maximum number of shares that can be earned from the plan. Long-term incentive awards are denominated in number of Suominen shares but paid in shares and cash intending to cover the taxes that incur from the receipt of shares.</p>	<p>Complies with the Policy: The CEO was eligible in the LTI Performance Period 2019–2021 in which the total achievement of the KPI was between the threshold and the target. Therefore, the CEO was rewarded with 128,563 gross shares in spring 2022.</p> <p>The CEO was also eligible in the LTI Performance Period 2020–2022 in which the total achievement was between target and maximum. Therefore, the CEO will receive a reward of 123,924 gross shares in spring 2023.</p> <p>The Board has resolved the maximum number of shares that can be earned from the LTI. Additionally, the performance based LTI plans have a share price cap, which cuts the reward if the limits set by the Board for the share price are reached. These limits were not reached in Performance Periods 2019–2021 or 2020–2022.</p>
<b>Share Ownership Prerequisite</b>		<p>The CEO must hold 50% of the net number of shares given based on the long-term performance-based plan, until his or her shareholding in total corresponds to the value of his/her annual gross salary. Such number of shares must be held as long as his or her service in the Company continues.</p>	<p>Complies with the Policy: The CEO has not sold any shares received from the LTI Performance Periods 2018–2020 or 2019–2021.</p>