

Remuneration Report of Suominen Corporation

REMUNERATION POLICY 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 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 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/.

2023 CEO REMUNERATION AT A GLANCE

Tommi Björnman acted as the Company's CEO starting April 1, 2023. The total remuneration paid to the CEO in 2023 decreased from the previous year because the new CEO did not receive any payments under the Short-Term Incentive (the "STI") nor the Long-Term Incentive (the "LTI") Plans during his first year of service. Except for a sign-on bonus paid to the CEO in the beginning of his service, there were no changes in the CEO's compensation structure in 2023.

Klaus Korhonen, the Company's SVP, HR & Legal acted as the interim CEO until March 31, 2023. He received an increased base salary for the interim role, but otherwise his remuneration and terms of employment remained as they were.

1. Introduction

This Remuneration Report (the “Report”) is based on the Finnish Corporate Governance Code 2020 of the Securities Market Association and provides the details of the remuneration paid to members of the Board and the CEO. The Board’s Personnel and Remuneration Committee (the “PRC”) has reviewed the Report, and it has been approved by the Board on February 5, 2024. This Report provides information on the remuneration paid during the financial year 2023. For updated information on the Board and executive remuneration, please visit our website: www.suominen.fi/en/investors/corporate-governance/remuneration.

1.1 Remuneration at Suominen

The aim of Suominen’s Remuneration Policy 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 provides the Company with the principles for offering remuneration that attracts, motivates, and retains the best possible management and Board members who drive Suominen’s performance and strategy in alignment with essential stakeholder interests. The Policy’s goal is to ensure that the philosophy of paying for performance is applied to Suominen’s remuneration.

The Policy has the following guiding principles:

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

According to the Policy, Suominen aims to offer the CEO a remuneration structure that incentivizes towards the achievement of Suominen’s strategic targets and long-term shareholder value creation. Suominen utilizes 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 achievement of sustainable financial results in a competitive market.

The Policy is aligned with the remuneration principles applied to all Suominen employees. The remuneration shall be fair and reflect the competencies required to fulfill the requirements of each position. Pay-for-performance philosophy is widely followed in Suominen, and many of the performance metrics in the CEO’s incentive plans are concurrently used in employees’ incentive plans. However, a more significant portion of the CEO’s total compensation is tied to performance-based incentives, as the Company aims to ensure a strong link between executive remuneration and the Company performance.

SUOMINEN REMUNERATION

Strengthens our culture, values, and supports shareholder value creation

Attracts, motivates, and retains our management and employees

Promotes strategy execution and is in line with our long-term financial goals

Supports the pay-for-performance philosophy

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 2019 to 2023.

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 the following:

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.
3. 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.
4. 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 2019–2023

	2019	2020	2021	2022	2023
CEO (Tommi Björnman, as of April 1, 2023) total remuneration ¹ (EUR thousand)					385.2
Interim CEO (Klaus Korhonen, from November 30, 2022 to March 31, 2023) fixed remuneration ² (EUR thousand)				20.4	62.4
Previous CEO (Petri Helsky) total remuneration ³ (EUR thousand)	474.6	745.4	957.9	1,118.9	
Index ⁴	100%	157%	202%	240%	94%
Employee pay (average) ⁵ (EUR thousand)	54.9	59.9	53.4	58.9	63.9
Index ⁴	100%	109%	97%	107%	116%
Total Board remuneration ⁶ (EUR thousand)	244.5	275.3	258.4	285.0	289.0
Index ⁴	100%	113%	106%	117%	118%
Jaakko Eskola			69.9	75.0	76.0
Andreas Ahlström	33.0	38.0	35.7	39.0	38.5
Björn Borgman		33.3	35.4	39.5	41.5
Nina Linander		43.5	46.8	52.5	52.5
Aaron Barsness				40.0	42.0
Laura Remes					37.0
Laura Raitio	33.0	38.0	35.7	39.0	1.5
Sari Pajari-Sederholm	28.0	37.3	34.9		
Jan Johansson	70.0	76.3			
Risto Anttonen	43.0	4.5			
Hannu Kasurinen	33.5	4.5			
Jaana Tuominen	4.0				
3-year TSR ⁷ (%)	-34%	12%	126%	41%	-35%
Share price development ⁸ (EUR)	2.34	4.90	4.82	2.86	2.70
Index ⁴	100%	209%	206%	122%	115%
EBITDA (EUR million)	33.7	60.9	47.0	15.3	15.9
Index ⁴	100%	181%	139%	45%	47%

¹ CEO total remuneration includes all payments made to the CEO during the financial year.

² Interim CEO Klaus Korhonen's remuneration in 2022 and 2023 is from the period he acted as the interim CEO and includes only the fixed salary during the stated period.

³ Previous CEO Petri Helsky's remuneration in 2019–2022 includes all payments made to the CEO during the period he acted as the CEO.

⁴ First year (2019) in the time-series set at 100%.

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

⁶ Total Board remuneration includes all payments made to the Board during the financial year.

⁷ Total Shareholder Return (share price increase plus dividend yield) is calculated based on 3-month closing average prior to the end of the financial year. For example, the 3-year TSR for 2023 is calculated as (Q4/2023 average share price - Q4/2020 average share price) ÷ Q4/2020 average share price + (paid dividends in 2021, 2022 and 2023) ÷ Q4/2020 average share price.

⁸ Share price development is calculated based on 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 April 3, 2023, 100% of the votes cast were in favor of the Remuneration Report 2022. The PRC and the Board have considered the positive feedback provided by the shareholders at the AGM.

The Board decided to temporarily deviate from the Remuneration Policy during 2023 by offering the new CEO Tommi Björnman a sign-on bonus in the beginning of his service. The condition for the payment of the sign-on bonus was that he starts his service at the latest on April 1, 2023. The amount of the bonus was equal to the CEO's one month's salary. According to

the Policy, the Board may temporarily deviate from the Policy after careful consideration in certain exceptional, pre-determined situations, such as the recruitment of a new CEO. The deviation was carefully considered by the Board in accordance with the Policy. The sign-on bonus was considered to be necessary to incentivize the new CEO to start in the role as early as possible.

During 2023, Suominen has not exercised any rights to reclaim (clawback) or cancel (malus) any paid or unpaid incentives.

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

As stated in the Remuneration Policy, 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 April 3, 2023, resolved to maintain the annual remuneration payable to the members of the Board unchanged. The current remuneration is as follows:

- The Chair is paid an annual fee of EUR 70,000.
- The Deputy Chair and other Board members an annual fee of EUR 33,000.
- 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 attended by telephone or other electronic means.

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 10, 2023.

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 2023 have been in compliance with the Remuneration Policy. In 2023, the following fees were paid to the members of the Board:

Remuneration of the Board of Directors in 2023

		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	52,438.40	17,561.60	6,272	6,000	76,000
Andreas Ahlström	Deputy Chair	24,723.20	8,276.80	2,956	5,500	38,500
Aaron Barsness	Member	24,723.20	8,276.80	2,956	9,000	42,000
Björn Borgman	Member	24,723.20	8,276.80	2,956	8,500	41,500
Nina Linander*	Member	32,211.60	10,788.40	3,853	9,500	52,500
Laura Remes (as of April 3, 2023)	Member	24,723.20	8,276.80	2,956	4,000	37,000
Laura Raitio (until April 3, 2023)	Member				1,500	1,500

* 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 289,000 in 2023.

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

Two CEOs acted in the role during 2023.

Klaus Korhonen, from January 1, 2023 to March 31, 2023

Klaus Korhonen, the Company’s SVP, HR & Legal, acted as an interim CEO as of January 1, 2023, until March 31, 2023. 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 62,400 between January 1, 2023 – March 31, 2023.

Tommi Björnman, from April 1, 2023

Tommi Björnman acted as the Company’s CEO as of April 1, 2023.

In 2023, Tommi Björnman’s remuneration consisted of fixed base salary (including fringe benefits), a sign-on bonus of one month’s salary, and supplementary pension. As it was his first year as the CEO, he did not receive any STI or LTI payments in 2023.

In 2023, Tommi Björnman was paid a total remuneration of EUR 425,028, consisting of fixed salary, sign-on bonus, and benefits of EUR 385,180, and a supplementary pension payment of EUR 39,848.

In 2023, Tommi Björnman earned the following variable incentives which are to be paid in 2024:

The reward from the Global STI 2023 was based on Group EBITDA (Earnings before interest, taxes, depreciation, amortization, 70% weight), Group CM (Contribution margin, 20% weight), Group DSO+DIO (Days sales outstanding + days inventory outstanding, 10% weight) and personal targets (20% weight). The outcome for these targets in total was between threshold and target equaling to EUR 59,667.

Total CEO pay in 2023 in proportions

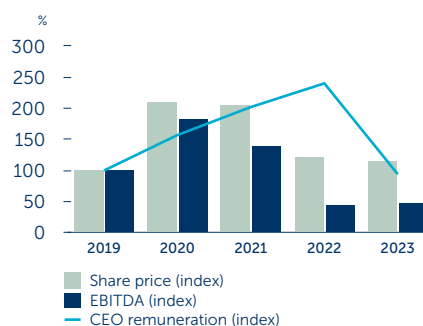


STI 2023 KPIs and achievement for the CEO¹

KPI	Weight	Achievement
Group EBITDA	50%	Between threshold and target
Group CM	20%	Between threshold and target
Group DSO+DIO	10%	Between target and maximum
Personal targets	20%	Between target and maximum
Total	100%	Between threshold and target

¹ To be paid during 2024

Company performance and CEO remuneration 2019–2023



CEO Tommi Björnman’s remuneration in 2023 is further described in the table below.

Element	Quantum	Purpose, link to strategy and description from the remuneration policy	Comment on compliance
Base salary + benefits	<p>Paid in 2023 (including holiday pay):</p> <p>Base salary: EUR 346,500</p> <p>Benefits: EUR 180</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 company car, lunch, and telephone. Base salary is determined based on 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 is eligible for benefits such as company car, health insurance, lunch, and telephone.</p>
Sign-on bonus	<p>One-time bonus 2023: EUR 38,500</p>	<p>In order to incentivize the new CEO to start in the role as early as possible, he was offered a sign-on bonus which equals to his one (1) month’s base salary if he will start at the latest on April 1, 2023.</p>	<p>Deviates from the Policy: A sign-on bonus is not specifically mentioned in the Policy. As stated in the Policy, the Board may deviate from the Policy in certain exceptional situations, such as recruitment of a new CEO. Accordingly, after careful consideration, the Board considered it necessary to temporarily deviate from the Policy and to offer a sign-on bonus to incentivize the new CEO to start in the role as early as possible.</p>
Supplementary pension arrangement	<p>Paid in 2023: EUR 39,848</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.</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 annual base salary in 2023. Pension starts from the age of 63.</p>
Cash bonus (Short-term remuneration)	<p>Earned from financial year 2023 (Global STI 2023), to be paid in 2024: EUR 59,667</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 achieved one-year performance.</p>	<p>Complies with the Policy: Maximum STI% in 2023 was 60% of the annual base salary (excluding holiday pay).</p>

Element	Quantum	Purpose, link to strategy and description from the remuneration policy	Comment on compliance
Share-based incentive plans (long-term remuneration)	Matching restricted share plan ("MRSP") No LTI earned in 2023	<p>The purpose is to reward for the delivery of long-term shareholder value, to align the 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 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 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 and continued employment.</p> <p>The Board 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 is eligible in an MRSP Plan, the aim of which is to align the objectives of the shareholders and the CEO in order to increase the value of Suominen in the long-term, to retain the CEO at the Company, and to offer him a competitive reward plan that is based on acquiring, receiving and accumulating the Company's shares. Under the plan, the CEO is expected to own or acquire up to 30,000 shares of the Company. The Company will match the share investment by way of the CEO receiving, without consideration, up to 60,000 matching shares (gross including also the proportion to be paid in cash). The plan includes three vesting periods, June 1, 2023–June 1, 2024, June 1, 2023–June 1, 2025 and June 1, 2023–June 1, 2026. The potential reward will be paid partly in shares and partly in cash in three equal installments after each vesting period, provided that the CEO's service in the Company is in force at the time of the reward payment.</p> <p>The CEO is eligible in the LTI Performance Period 2023–2025. His maximum earning opportunity under the LTI Plan equals to 168,500 shares (gross) of the Company. The performance metric in the Plan is relative total shareholder return. The possible reward under the Plan will be paid in spring 2026.</p>
Share ownership prerequisite		<p>The CEO must hold 50% of the net number of shares given based on long-term performance-based plan, until his or her shareholding in total corresponds to the value of his/her annual gross salary for the calendar year preceding the payment of the reward. 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 received nor sold any shares from any LTI Plan.</p>