

## MARTELA CORPORATION'S REMUNERATION REPORT

### 1. Introduction

This remuneration report provides an overview of how Martela's Remuneration Policy has been implemented in 2022 as well as details of the remuneration of company Board of Directors and CEO.

#### Remuneration principles

The goal of Martela's Remuneration is to align Martela shareholders and executives' objectives on short-term and long-term basis as well as to commit executives to execute Company's strategy on becoming the workplace thought leader. Martela's Remuneration has been designed to attract, retain and motivate the most suitable talent to lead Martela and contribute to the success of Martela.

The Board of Directors may temporarily deviate from the Remuneration Policy in exceptional circumstances such as essential changes to the operating conditions of the Company.

In 2022, no deviations from policy were conducted.

#### Decision-making process

The remuneration payable for the Board of Directors is decided by Martela's Annual General Meeting. The Annual General Meeting also decides on the Board of Directors' authorizations to decide on repurchase of own shares and the issuance of shares or special rights entitling to shares that can be used e.g. as part of Martela's incentive schemes.

The remuneration and other terms of employment of the Company CEO are decided by The Board of Directors. The Board of Directors can authorize the Human Resource and Rewarding Committee (HRRC) to decide on the remuneration issues and annual performance bonus scheme of the CEO.

#### Annual development of remuneration and Company financial performance

Yearly development	2020	2021	2022
Remuneration of the Board, annual fees	+0%	+2.94%	-3.24%
Remuneration of the CEO	+22.30%	-26.44%	+22.41%
Remuneration of the employees (average) <sup>1</sup>	-13.4%	+5.70%	+7.97%
The company's financial development			
Revenue	-16.8%	+3.95%	+16.13%
EBIT	-	-	-

<sup>1</sup> Personnel costs according to the company's financial statements divided by the average number of employees.

## 2. Remuneration of the Board of Directors

Members of the Board shall be paid a monthly fee for being a Board member, annual fee for being in a Board Committee(s) and realized travel expenses. All fees are paid in cash and no separate meeting fee shall be paid.

In the Annual General Meeting in 2022 it was decided that fees for the members of the Board shall be 3.400 Euro per month for the Chairman and 1.700 Euro per month for the Board members. In addition, Board members shall receive a Euro 1.600 per annum for being a member in a Board Committee(s).

The fees paid to the Chairman and to the members of the Board in 2022 totaled EUR 42.400 and EUR 110.000.

Member	Monthly fee	Committee fee	Total
Johan Mild	3 400 €	1 600 €	42 400 €
Minna Andersson (11.1-17.3.)	1 700 €	400 €	5 500 €
Eero Martela	1 700 €	1 600 €	22 000 €
Jan Mattsson	1 700 €	1 600 €	22 000 €
Katarina Mellström	1 700 €	1 600 €	22 000 €
Hanna Mattila (17.3.-31.12.)	1 700 €	1 200 €	16 500 €
Anni Vepsäläinen	1 700 €	1 600 €	22 000 €

Minna Andersson left the Board of Directors on 17 March 2022

Hanna Mattila joined the Board of Directors and Audit Committee on 17 March 2022.

## 3. Remuneration of the Company CEO

Ville Taipale's remuneration consisted of fixed salary, fringe benefits, short-term incentive plan and Performance-based Matching Share Plan 2021–2023.

### Annual salary and fringe benefits

CEO's salary is based on full compensation basis, including the fixed salary and the fringe benefits. Fixed salary of Ville Taipale in 2022 was 276 800 euros and fringe benefits of 240 euros.

### Pensions

Pension accumulation and retirement age of the Company CEO is determined by the terms of the applicable laws. Pension payment for the Company CEO is based on the Finnish Pension Act (TyEL). The Company CEO has no supplementary pension scheme.

### Short-term incentive plan

CEO is also compensated with short-term incentive plan, which is based on financial targets set by Company's HRRC Committee. Time period for the short-term Incentive plan is one year and it is paid annually. Maximum outcome from this incentive plan is 50% of the annual salary.

<b>Short-term incentive plan</b>	
<b>Metrics</b>	<b>Weight</b>
Company EBIT	80%
NPS	20%

Criteria for the short-term incentive plan was achieved partly and the reward on the earning period to paid to Ville Taipale is 16% from annual salary. The reward is paid in year 2023.

### **Performance-based Matching Share Plan 2021–2023**

In the plan, the CEO is given an opportunity to earn Martela Corporation series A shares based on performance and on personal investment in Martela Corporation series A shares. The potential rewards based on the plan will be paid after the end of each performance period. The Performance-based Matching Share Plan 2021–2023 consists of three performance periods, covering the financial years of 2021, 2022 and 2023, respectively. Reward criteria for the performance periods is based on Company's EBIT. The maximum outcome for the plan for Ville Taipale is 73 260 shares, of which part will be paid in cash to cover the tax implication from received shares.

Share-based reward from 2021 performance period to the CEO was 1 902 shares

### **Other terms of Company CEO's employment**

Termination of the CEO's contract for Company's and for CEO is 6 months. If contract is terminated by the Company, CEO is entitled for additional 6-month severance pay without obligation to work for the Company.

#### *Malus and claw back*

Based on the terms and conditions of the incentive plans, Martela Board of Directors retains the ability to reduce or claw back awards where the Company CEO has acted fraudulently or dishonestly or is in material breach of their obligations to the Company, or where the Company becomes aware of material misstatement or omission in the financial statements of the Company, or circumstances occur that the Board determines to have resulted in an unfair benefit to the recipient.

The claw back clause was not applied in 2022.

### **Paid in 2022**

	<b>Ville Taipale</b>
Fixed salary	276 800 €
Fringe benefits	240 €
Other payments <sup>1</sup>	11 230 €
<b>Total:</b>	<b>288 270 €</b>

<sup>1</sup>Other payments include cash and shares of Performance-based Matching Share Plan 2021–2023 from performance period 2021.