

**SITOWISE**

SITOWISE GROUP PLC

# Remuneration Report

# 2021



# Sitowise Group Plc's Remuneration report 2021

## 1 Introduction

The remuneration report of Sitowise Group Plc has been prepared according to the remuneration reporting section instructions of the Finnish Corporate Governance Code 2020.

Sitowise Group Plc was listed on the main list of Nasdaq Helsinki in March 2021 and will present the first remuneration policy in accordance with corporate governance code to the Annual General Meeting in spring 2022. This remuneration report describes the Board's and the CEO's remuneration in financial year 2021. In addition, this report also describes the principles and objectives of the first remuneration policy.

The objective of remuneration is to promote the implementation of Sitowise Group's growth strategy and the achievement of the company's long-term financial targets, competitiveness, and the favorable development of shareholder value. Remuneration is the company's key incentive and tool to engage key employees to the company. Remuneration also plays a key role in ensuring competitive recruitment for the company.

The Annual General Meeting decides on the remuneration of the Board of Directors. The Board decides on the terms and conditions of the employment of the CEO, specified in writing. The remuneration principles of the key management are set by the Board. The Board approves annually the Group's short-term incentive program. In March 2021 in connection with the IPO, the Board decided upon a long-term incentive program (option program).

The table below presents the development of the remuneration of the Board of Directors and the CEO compared to the development of the average remuneration of the group's employees and to the Group's financial development for the previous four financial years. (Sito Oy and Wise Group Oy merged on 31 December 2017)

Prior to the stock exchange listing in March 2021, the two representatives of the main owner, Intera Partners Oy, on the Board, did not receive any remuneration, and there were no committees on the Board.

### DEVELOPMENT OF REMUNERATION

EUR thousand	2021	2020	2019	2018
Board – total remuneration	228	76	56	63
CEO – total remuneration *)	483	329	457	204
Average Sitowise employee remuneration **)	52	51	48	48
EUR million	2021	2020	2019	2018
Net sales of the Group	179.3	160.1	143.0	125.7
Adjusted EBITA of the Group	21.1	20.6	15.5	14.5
% of Net sales	11.8 %	12.9 %	10.8 %	11.5 %

\*) Values are on payment basis and exclude social and pension costs. Year 2019 value includes the remuneration of two CEOs for each term.

\*\*\*) Group's total personnel expenses without social and pension costs divided by the average number of FTE (full time equivalent).



## 2 Remuneration of the Board of Directors and the CEO

### 2.1 Remuneration of the Board

According to the Finnish Companies Act, the Annual General Meeting of Shareholders decides on the fees payable to the members of the Company's Board of Directors.

On 1 March 2021, the shareholders of the Company resolved unanimously as a part of the matters resolved in the Annual General Meeting that, the remuneration of the Chairman of the Board is EUR 4,750 per month and the remuneration of other members of the Board is EUR 2,250 per month. In

addition, it was unanimously decided that an attendance allowance of EUR 1,000 will be paid for each meeting to the Chairman of the Board and the Chairmen of the Audit and Personnel Committees, and that an attendance allowance of EUR 400 will be paid for each meeting to the other members of the Board. The Chairman and members of the Nomination Committee will each be paid an attendance allowance of EUR 1,000 in total. The remuneration will be paid as of April.

#### REMUNERATION OF THE BOARD OF DIRECTORS IN 2021

EUR	Annual pay*)	Audit Committee	Personnel Committee	Nomination Committee	Total
Heliövaara Eero, chairman	61,250	0	4,000	1,000	<b>66,250</b>
Gustafsson Leif (as of 25 March 2021)	23,450	0	1,600	0	<b>25,050</b>
Kyllönen Taina	26,300	1,600	0	0	<b>27,900</b>
Leino-Haltia Mirel (as of 25 March 2021)	23,450	1,600	0	0	<b>25,050</b>
Näränen Janne (until 25 March 2021)	0	0	0	0	<b>0</b>
Piispanen Elina	26,300	0	1,600	0	<b>27,900</b>
Rignell Petri	26,300	0	0	1,000	<b>27,300</b>
Terho Tomi	23,450	4,000	0	1,000	<b>28,450</b>
<b>Board remuneration in total</b>	<b>210,500</b>	<b>7,200</b>	<b>7,200</b>	<b>3,000</b>	<b>227,900</b>

\*) Annual pay includes both monthly remuneration and meeting attendance allowance.



## 2.2 Remuneration of the CEO

The Board of Directors decides on the remuneration of the CEO and the terms and conditions of the employment of the CEO. The CEO's remuneration consists of a fixed monthly salary, the usual fringe benefits and the short-term and long-term incentive programs in force at the time. The CEO is covered by the Finnish statutory employment pension scheme. No supplementary pension insurance has been taken for the CEO.

The CEO's retirement age is 64 years and six months. The period of notice of the CEO is six months for both parties. Besides salary for the period of notice, the CEO is not entitled to a separate severance payment upon resigning. If the company terminates the CEO's employment due to a reason other than the CEO's severe misconduct, crime, or similar reason, the CEO is, in addition to salary for the six-month period of notice, entitled to compensation amounting to a

maximum of six months' salary, provided that the CEO has not entered into an employment or service relationship with a third party during the said period.

The maximum amount of the CEO's short-term incentive program (STI) was 75% of annual salary in 2021. The maximum amount of STI in 2020 was exceptionally 100% due to the preparation for listing. The STI is based on pre-defined performance criteria, which in addition to the Sitowise Group's result (adjusted EBITA) in 2021 were the development of Swedish operations and Digital Solutions, as well as building and developing operational excellence.

### THE REMUNERATION PAID TO THE CEO IN 2021

EUR	Salary	Bonus	Total
Eloholma Pekka	296,100	186,453	<b>482,553</b>

In March 2021 the Board decided upon a long-term incentive program (option program). The options were granted to the CEO as follows:

Amount of options	Match 2021A	Match 2021B	Performance 2021A	Performance 2021B	Total
Eloholma Pekka	18,000	18,000	36,000	36,000	<b>108,000</b>

The stock options were issued free of charge. Each stock option entitles the holder to subscribe for one share of Sitowise Group Plc (SITOWS) at a price determined in accordance with the option terms and for the period specified in the option terms.

A options have a three-year vesting period, and class B options have a four-year vesting period. The subscription of shares with class A options takes place between 1 April 2024 and 31 March 2025, and with class B options between 1 April 2024 and 31 March 2026, if the pre-defined threshold yield for the Share set for the commencement of the subscription period is met. The subscription price with the options equals to the subscription price of the share in the Offering less annually paid dividends and capital repayments.

The class A and B options may be divided into matching and performance options. In order to receive matching options, the recipient of the options must hold as many shares as he/she been allocated

matching options. The shares must be held until the subscription period for the shares to be subscribed with the options begins. The performance options have a higher threshold yield for the Share regarding the commencement of the subscription period of the share than matching options.

The options will be forfeited and transferred back to the Company for no consideration if the option holder resigns or the employment relationship or service contract is terminated before the commencement of the subscription period of the Shares to be subscribed with the options. Under certain conditions, the Board of Directors may decide that the option holder may, however, keep a part of their options.

On 4 January 2022 Sitowise announced that it had appointed Heikki Haasmaa as the Group's new CEO. Pekka Eloholma will continue as Sitowise's CEO until the new CEO takes office no later than 4 May 2022.

