

## REMUNERATION REPORT 2023

### 1. INTRODUCTION

Tecnotree Corporation (“**Tecnotree**” or “the **Company**”) remuneration report for 2023 (the “**Report**”) has been prepared on the basis of the Finnish Corporate Governance Code 2020 (the “**Corporate Governance Code**”). In this Report, Tecnotree presents to the members of the Company’s Board of Directors and the Chief Executive Officer (“**CEO**”) the salaries, fees and other financial benefits paid and earned during the financial year 2023. In addition, the Report describes the remuneration decision-making process and key principles of remuneration at Tecnotree.

#### Remuneration principles 2023

Tecnotree aims to provide a level of remuneration that motivates, encourages, attracts and retains employees of the highest calibre. To maximize the effectiveness of remuneration within Tecnotree, careful consideration is taken to ensure that the remuneration elements drive the business strategy of the Company and its long-term financial interests. The Remuneration Committee is fully aware of its responsibility in ensuring that remuneration supports and drives the Company’s strategic priorities and growth plan.

Tecnotree's 2023 Remuneration Report follows the remuneration policy of the Company published on 19 August 2020 (“**Remuneration Policy**”), which was discussed and approved by an advisory decision of the shareholders at the Annual General Meeting held on 10 September 2020.

In accordance with the Remuneration Policy, Tecnotree follows the following principles in its remuneration:

- competitive remuneration in order to acquire and retain key resources.
- The variable compensation system in Tecnotree, and its subsidiaries is designed to promote competitiveness and the Company’s long-term financial success and to contribute to a positive development of owner value. Compensation plans are based on pre-determined and measurable performance and result criteria aimed to maximize the performance of the employee.

Through the remuneration principles, Tecnotree seeks to support the convergence of the interests of shareholders, the Tecnotree Group and its personnel. The purpose of the remuneration is also to support the long-term financial success of the Tecnotree Group and the commitment of Tecnotree's personnel to the Company.

Fair, competitive and encouraging remuneration of Tecnotree's management and personnel is the subject of continuous development and evaluation in the Company. The Board of Directors and the Remuneration Committee regularly monitor and assess the compliance, performance and outcome of the remuneration model in place and, if needed, suggest amendments to the same. In connection with these evaluations, the Remuneration Committee may make recommendations to engage external experts to assess, among other things, the level of requirements for different work tasks and their impact on remuneration.

Tecnotree has employee incentive program 2021-2024 designed to align the participants' focus with Tecnotree’s growth strategy and long-term success. The LTI Plan includes Restricted Share Units (RSUs)

giving a contractual right to receive shares over the next 3-year period as per an equated semi-annual vesting schedule. Further, Tecnotree has a stock option program for the key personnel of the Group. The stock options are marked with four different symbols, all of which have a release criterion based on a different market value

#### **Deviation from the Remuneration Policy**

During the financial year 2023, the Remuneration Policy was followed for the remuneration of the Board of Directors and the CEO, and there were no deviations from the same.

#### **Remuneration and business development 2019 - 2023**

Below is a description of how the remuneration paid to the members of Tecnotree's Board of Directors and the CEO has developed proportionally during the previous five (5) financial years, as compared to the development of the average remuneration of Tecnotree Group employees and the financial development of Tecnotree Group during the same period.

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Board fees (1000 EUR)	215	195	274	574	584
CEO remuneration, (1000 EUR)	431	2.584	2.112	3.060	3.217
Average employee Salaries and Wages (1000 EUR)	29	29	31	29	28
Revenue (MEUR)	47.0	52.8	64.2	71.6	78.4
Operating Profit (MEUR)	14.4	18.6	23.7	18.3	23.8

## **2. BOARD REMUNERATION FOR THE FINANCIAL YEAR 2023**

The General Meeting of Tecnotree decides the remuneration payable to the Board of Directors. On April 15, 2023, Tecnotree's Annual General Meeting (AGM) passed a resolution in relation to the remuneration payable to the Chairman, Vice Chairman and the Board of Directors, briefly provided below as follows:

- Chairman of the Board - EUR 210,000
- Vice Chairman of the Board – EUR 120,000
- Members of the Board – EUR 70,000

The general meeting decided that approximately 45 per cent of the remuneration be paid in Tecnotree's shares and approximately 55 per cent be paid in cash.

No options or other share-based payments have been granted to Board members for their work on the Board.

Travel expenses incurred for Board meetings are reimbursed in accordance with the company's travel policy.



**Remuneration paid to the members of the Board of Directors during the financial year 1.1.2023 - 31.12.2023:**

<b>Board member</b>	<b>Total Remuneration, EUR</b>
Neil Macleod	210,000
Jyoti Desai	120,000
Conrad Neil Phoenix	70,000
Anders Fornander	70,000
Johan Hammarén 19.4.2023-	48,825
Markku Wilenius 10.9.2020-7.12.2023	65,445
<b>TOTAL</b>	<b>584,270</b>

### **3. REMUNERATION OF THE CEO FOR THE FINANCIAL YEAR 2023**

The Board of Directors of Tecnotree adopt and evaluate the principles and elements of the remuneration for the CEO on an annual basis. The remuneration of the CEO follows the Company's Remuneration Policy in force. All changes in the CEO's salary and remuneration are subject to the approval of the Board of Directors.

The CEO of the Company is Padma Ravichander. The remuneration of the CEO consists of fixed remuneration, variable remuneration consisting of long-term and short-term incentive, pension, transportation allowance, housing benefit, employee wellness benefits, employee insurance benefits, fringe benefits, bonuses and other financial benefits. The objective is to have a good balance of rewarding elements, and to guarantee a market competitive level of fixed remuneration supported with short- and long-term incentive schemes aimed at driving Company performance and providing an appropriate reward.

The CEO is eligible for benefits laid down in the Remuneration Policy or as may be amended and approved by the Board and shareholders from time to time.

Total earned fixed pay for the CEO during period 1 January 2023 to December 2023 was EUR 1.10 million (0.97). and the value of performance bonus was EUR 2.12 million (2.09) (including 0.89 million shares (2.09). Cost accounted against the shares was EUR 0.55 million (0.92) and market value based on the dates of delivery was EUR 0.43 million (2.09).

Reimbursements are made to the CEO in accordance with the company's travel policy and other practices.

#### **Fees to be paid in the financial year 2024 based on the financial year 2023**

The CEO was part of annual bonus program for the financial year 2023, based on which the performance bonus will be paid in 2024. The targets of the performance bonus to be paid to the CEO on the basis of the financial year 2023 were based on net sales, net sales cash inflow, EBIT, new logos and customer satisfaction.

