

## SALARY AND REMUNERATION REPORT FOR A PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

### Decision making

According to the Tecnotree Corporation's Articles of Association, the Annual General Meeting decides on the remuneration to be paid to the Members of the Board. The Board makes a decision on the salary and other financial benefits of the Group executives according to grandfathering principle.

### Key principles

The variable compensation system in the Tecnotree Group 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 predetermined and measurable performance and result criteria. At the moment Tecnotree has only short-term compensation plans.

### Annual remuneration of Board members

The Annual General Meeting 2019 decided to maintain the following existing Board member remuneration:

- Chairman of the Board: EUR 50,000 a year
- Vice Chairman of the Board: EUR 30,000 a year
- Members of the Board: EUR 23,000 a year
- the Chairman and members shall receive an attendance fee of EUR 800 and EUR 500 per meeting, respectively
- the members of committees shall receive an attendance fee of EUR 500 per meeting.

In accordance with the decision of the Annual General Meeting, reasonable travel expenses shall also be reimbursed to Board members.

Remuneration paid to the Chairman and members of the Board of Directors from 1 January to 31 December 2019 totaled **EUR 215 457**.

<b>REMUNERATION PAID TO THE CHAIRMAN AND MEMBERS OF THE BOARD 2019</b>	<b>Board member remuneration, EUR*</b>
Neil Macleod, Chairman of the Board 24.9.2018-	-55 133
Jyoti Desai, Vice Chairman of the Board 24.9.2018-	-38 438
Conrad Neil Phoenix 24.9.2018 -	-27 938
Kaj Hagros 15.5.2019 -	-19 407
Anders Fornander 5.9.2019 -	-9 438
Priyesh Ranjan 24.9.2018 - 1.7.2019	-15 938
Harri Koponen 2008 - 15.5.2019	-23 481
Christer Sumelius 2001 - 15.5.2019	-12 593
Pentti Heikkinen 2009 - 15.5.2019	-13 093
<b>TOTAL</b>	<b>-215 457</b>

\*Includes fixed board member remunerations and remuneration of the board and the board committee meetings.

### Compensation for the CEO and other executives

The purpose of the remuneration system is competitive remuneration in order to acquire and commit key resources. The current remuneration system of the CEO and other executives consists of a fixed monthly salary and a performance-related bonus based on short-term financial targets. Potential returns from the



performance-related bonus system is tied to the achievement of Group's targets of net sales and operating profit development. The managers of divisions have an additional target related to the development of received orders. The targets are determined annually.

### **Compensation of the CEO**

The variable compensation of the CEO, the annual short-term incentive scheme (STI), is upto 100% of the annual basic salary. The annual bonus is based on net sales, net sales cash inflow, opex and customer satisfaction. CEO's annual bonus requires a valid employment contract at the end of the year. The notice period of the CEO is thirty six months if the company terminates his or her contract, and six months, if the contract is terminated by the CEO. Salary is paid for the period of notice and, in the case of the notice given by the company, a compensation equal to 36 months' base pay will be paid. The company can terminate the contract of the CEO with immediate effect, without a separate compensation, if the CEO has materially breached his or her CEO contract, convicted guilty to a crime or otherwise caused substantial damage to the company. In 2019, CEO Padma Ravichander was paid a total of EUR 431 000 as salaries and other compensation.

### **Other executives**

The variable compensation of the members of the Management Board, the annual short-term incentive scheme (STI), has a target and a maximum level depending on the role of the Member. The Management Board member's annual bonus requires a valid employment contract at the end of the year. The retirement ages of the Management Board members are based on applicable local legislation. The period of notice for Management Board members varies between two and six months if the Company terminates the member's contract, and between two and six months if the member terminates the contract. In 2019, members of the Management Board was paid a total of EUR 1.243 million as salaries and other employee benefits, of which fixed salaries accounted for 100 per cent.

### **Loans and guarantees**

No guarantees or loans have been granted to members of the Board of Directors or Management Board, nor do they or persons or organizations closely associated with them have any significant business connections with the company.

