Solwers Plc's remuneration policy for governing bodies 2024-2027

Introduction

Solwers Plc's remuneration policy outlines the general principles concerning the planning and implementation for the remuneration of the board of directors and the CEO. The remuneration policy has been prepared in accordance with the Finnish Corporate Governance Code 2020 issued by the Securities Market Association and the company complies with other regulations applicable to it regarding remuneration. The Remuneration and Nomination Committee of the board has prepared this remuneration policy, and the board of directors has approved it to be presented at the Annual General Meeting to be held on April 25, 2024. The decision of the General Meeting regarding the remuneration policy is advisory.

The remuneration of Solwers Oyj's management aims to promote the company's financial objectives and long-term profitability. Remuneration should be based on performance and competence, be competitive in the market, engage key personnel, and be as consistent as possible considering the quality and scope of the Solwers Group. The goal is to pay competitive salaries to attract and retain the necessary expertise. Incentive systems are designed to align the interests of key personnel and shareholders, ensure the company's performance and long-term value creation, and incentivize and reward key personnel for achieving results in line with Solwers' strategy.

Remuneration is regularly evaluated to ensure its competitiveness, taking into account the performance and competence of the personnel. The same principles apply to the remuneration of the CEO as to the rest of the personnel.

Information on the remuneration of board members and the CEO is disclosed in the annual remuneration reports, which are presented to the General Meeting for advisory decision.

Decision-making process

Solwers Oyj's General Meeting decides on the remuneration of the board of directors and its committees.

The remuneration of the CEO is decided by the board of directors. The board of directors actively evaluates remuneration using benchmark data and prepares proposals related to remuneration. If necessary, the board may use external experts for assistance.

Based on the CEO's proposal, the Nomination and Remuneration Committee approves the remuneration of the executive directors. The CEO decides on the remuneration of other key personnel in accordance with the instructions and remuneration policy of the board of directors.

The General Meeting decides on authorizations for the board to acquire own shares, issue shares, and grant special rights entitling to shares, in order to be used in the company's remuneration systems.

Remuneration policy is prepared and reviewed by the board of directors. It is presented to the general meeting at least every four years or in connection with significant changes. After approval, the policy is applied to the remuneration of the board of directors and the CEO. The remuneration policy is published on the company's website.

Temporary deviation from the remuneration policy

The board of directors may temporarily deviate from the remuneration policy in special situations, such as changes in the company's operating environment, change of CEO, or in connection with strategic corporate arrangements. Regulatory changes may also cause exceptions. In such situations, exceptions may be made to the remuneration of the CEO if it promotes the interests of the shareholders.

Exceptional situations are reported in the remuneration report, and significant and permanent changes are brought to the attention of the general meeting. The board of directors approves updates to the remuneration policy and presents them to the general meeting.

Remuneration of the board of directors

The remuneration of the board of directors is decided by the general meeting of Solwers Oyj. Proposals are based on benchmark data and other relevant information. Differentiation has been taken into account in the remuneration of the board and management. Board members cannot participate in the same share-based incentive schemes as management and other employees. The remuneration of the board of directors consists of meeting fees, which can be paid in shares, cash, or a combination of both. The amount and level of meeting fees depend on the number of meetings and the person's role in the board and committees.

Remuneration of the CEO

The CEO's salary consists of a fixed base salary, variable remuneration and fringe benefits. The base salary is at a competitive level to ensure the necessary expertise. The CEO is entitled to the same fringe benefits as other employees but may also receive additional benefits. Pension and other financial benefits are determined by local laws and practices. Additional pension may be paid to the CEO.

The main elements of the CEO's remuneration are the fixed base salary and short-term and long-term variable remuneration.

The aim of the short-term incentive scheme is to reward the CEO with 10-30% of the annual base salary, and the maximum reward can be equal to four months' salary. The reward is based on the financial performance of the company.

Long-term remuneration is built on Performance Share Plans (PSP) which offer the CEO an opportunity to receive Solwers shares as long-term incentives. The conditions and the granting of the LTI shares are decided annually by the Board based on the Nomination and Remuneration Committee’s proposal.

The plans are based on a performance period of one to three years followed by a vesting period, duration of which is dependent on the length of the performance period and varies from two years (when the performance period is one year) to no vesting period (when the performance period is three years). Performance measures, their weighting and targets are set annually at the start of the performance period based on the Company's objectives linked to the financial and strategic priorities. The measures can include for example Solwers profitability, environmental targets, earnings per share and adjusted free cash flow. The Board may vary the performance measures and/or the weightings of the measures during PSP plans. Share rewards will be earned based on the achievement against the set performance targets after the end of the performance period once the results have been audited and approved by the Board. The Board has discretion to adjust the PSP outcome both upwards and downwards to eliminate the impact of unforeseen events during the performance period which have a material impact on the outcome. The share delivery after the vesting period is conditional upon continued employment until the moment of transferring shares, or a good leaver ground. The Board has, however, discretion to decide on whether and to what extent the CEO is eligible to granted share rewards upon the CEO leaving the Company.

Shares conditionally granted to the CEO under the LTI plans are subject to share ownership requirement that is determined by the Board based on the Nomination and Remuneration Committee's proposal. Until the required shareholding is achieved, the CEO is required to hold, and not to sell, at least 50% of after-tax shares received.

The CEO has a notice period consistent with current market practices. In cases where the CEO's contract is terminated by the company, the CEO is entitled to severance pay agreed in CEO's agreement in accordance with prevailing market practices.

The CEO is not paid any other financial benefits for serving in the executive team or decision-making bodies.

The terms of the CEO's employment relationship are defined in a written CEO agreement approved by the board of directors.

The above matters concerning the CEO also apply to a possible deputy CEO.

Monitoring the implementation of the remuneration policy

The Remuneration and Nomination Committee of the board monitors and evaluates the implementation of the board's remuneration policy and how it supports the company's strategic objectives. The company's board monitors and evaluates the implementation of the group's remuneration systems, including the CEO's remuneration policy, and the competitiveness of the remuneration systems, as well as how the actual remuneration supports the company's strategic objectives and long-term financial success.

Updating the remuneration policy

The remuneration policy is updated as needed, and the updated remuneration policy is presented for approval to the Annual General Meeting.