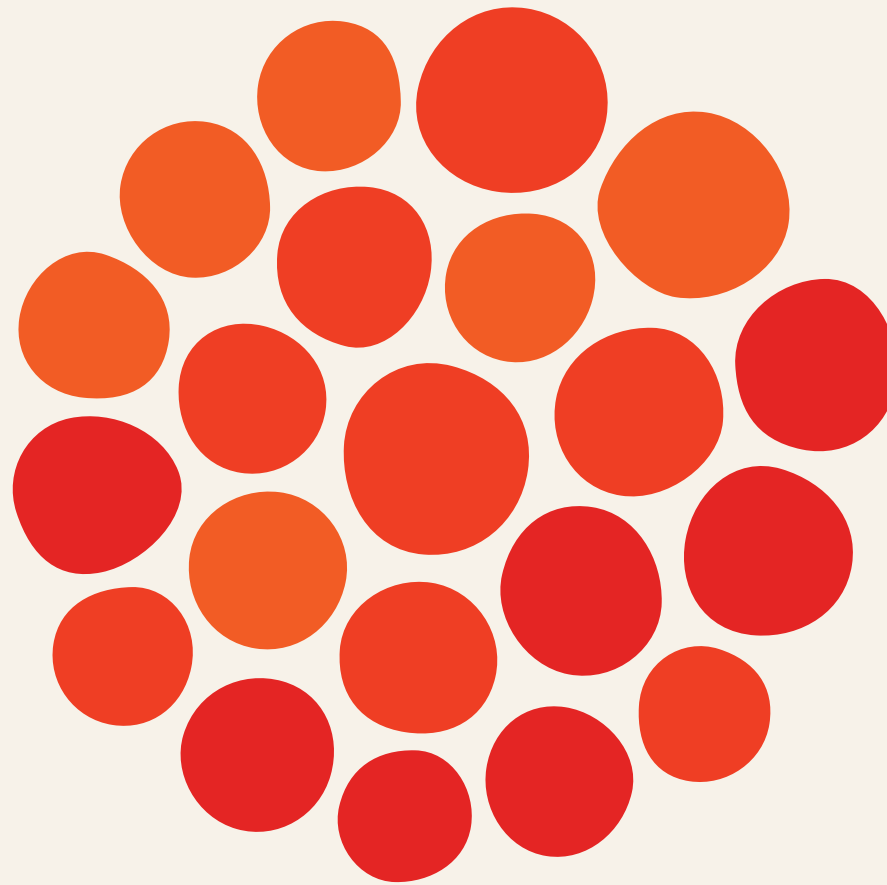




Pihlajalinna

Remuneration policy

1. INTRODUCTION

This is the remuneration policy of Pihlajalinna Oyj (“company”), which complies with the Finnish legislation and the Corporate Governance Code 2025. The policy defines the principles for remuneration of the members of the board of directors, the CEO and any potential Deputy CEO.

This remuneration policy replaces the previous remuneration policy, which was approved by an advisory decision at the general meeting on April 10, 2024. The most significant changes in the updated remuneration policy concern the setting of maximum amounts for short-term and long-term incentive programs. In addition to these, other less significant changes have been made.

The company presents on its website information about the principles of remuneration for the board of directors, the CEO, and the management team, the existing remuneration systems, and the overall level of remuneration for the management team. The remuneration report for the board of directors and the CEO is presented annually to the general meeting. The general meeting decides on the approval of the remuneration report by an advisory decision.

2. REMUNERATION PRINCIPLES

The objective of the remuneration system for the board of directors and the CEO is to contribute to the favorable development of shareholder value, promote the company’s competitiveness, long-term financial success, and the achievement of the company’s sustainability goals and business strategy.

The key principle of the remuneration policy is that the remuneration of the board of directors and the CEO should support the implementation of the company’s business strategy and the company’s long-term financial performance, as well as provide a fair, engaging, competitive, and market-compliant package in terms of level and structure.

The objective of all remuneration within the Pihlajalinna Group is to encourage good performance and motivate employees to work long-term towards achieving the company’s goals. Remuneration is one factor by which the company aims to ensure the acquisition of capable and motivated individuals for each position at all levels of the organization. These principles also apply to the remuneration of the board members and the CEO. However, the qualities required for

the positions of board members and the CEO and the measurement of success in these positions differ significantly from most other positions in the company. The salary and employment terms of the company’s employees do not affect this remuneration policy.

3. DECISION-MAKING PROCESS

The people and sustainability committee of the board of directors is responsible for preparing the remuneration policy. The board approves the remuneration policy based on the preparation by the people and sustainability committee and is responsible for its proper implementation. The people and sustainability committee monitors and supervises the implementation of the remuneration policy and, if necessary, presents its proposals for action to the board to ensure the implementation of the remuneration policy. The board presents the remuneration policy to the general meeting for consideration at least every four years. The board may approve technical changes to the remuneration policy, but if the changes are significant, the amended remuneration policy will be presented to the next general meeting.

The general meeting decides on the remuneration of the board. The shareholders' nomination board, which includes representatives of the four largest shareholders of Pihlajalinna Oyj, prepares annually a proposal for the composition and remuneration of the board for the next general meeting. The chair of the board of Pihlajalinna Oyj participates in the work of the nomination board as an expert.

The board appoints the CEO and decides on the terms of their employment. Before the board makes a decision, the remuneration and its basis for the CEO are prepared by the people and sustainability committee of the board. The CEO is not a member of the people and sustainability committee and does not participate in decision-making regarding their remuneration.

The board decides, authorized by the general meeting, on the issuance of shares and the granting of other special rights entitling to shares. The issuance of shares or the granting of other special rights entitling to shares used for the remuneration of the CEO and any possible deputy CEO always takes place within the framework of the remuneration policy.

4. REMUNERATION OF THE BOARD OF DIRECTORS

Pihlajalinna's general meeting decides on the remuneration paid to the members of the company's board of directors. The decision proposal regarding the remuneration of the board members is prepared by the shareholders' nomination board.

The remuneration of the board can consist of one or more components. Board members can be paid, for example, annual or monthly fees as well as meeting fees for meetings of the board, its committees, or other bodies. Fees can be paid in cash and/or partly or entirely in shares or other financial instruments.

The level of remuneration can vary according to the workload required from each member. It takes into account their possible position as chair or vice-chair and their role in the board's committees.

5. DESCRIPTION OF THE REMUNERATION OF THE MANAGING DIRECTOR

5.1 Remuneration structure and components thereof

The remuneration structure for the CEO consists of a fixed monthly salary with fringe benefits and possibly separately decided variable remuneration components, which may include, among other things, a short-term performance-based incentive program and a long-term share-based incentive program or other similar long-term incentive program. The basis for determining the variable remuneration components is typically the objectives confirmed by the board.

The relative proportions of the remuneration components may vary based on the objectives set by the board and their achievement.

Remuneration element	Purpose	Description	Maximum remuneration
Fixed salary	The salary is a fixed part of the remuneration and aims to attract and retain the best CEO for the company.	The total salary includes the monthly salary, benefits, and holiday pay. Benefits include fringe benefits according to Pihlajalinna's practice (e.g., extensive occupational health care, risk and life insurance, as well as car and phone benefits). The salary and benefits are typically reviewed annually.	The salary and benefits must be competitive in relation to external markets and reflect the scope and complexity of the business.
Short-term incentives	Promoting the company's annual objectives and priorities and ensuring alignment with the company's strategy and the interests of shareholders.	The possible short-term incentives for the CEO may be based on the group's performance or other clear, measurable criteria decided by the board. The objectives are set to support the implementation of the company's strategy and both long-term and short-term financial success. In addition to financial criteria, the objectives may also include other criteria, such as those related to sustainability. The objectives for the short-term incentives are set and their achievement is evaluated annually, unless the board decides otherwise. The payment condition is that the CEO's employment relationship is valid at the time of payment, unless the board decides otherwise in individual cases. The details of the performance metrics applied each year are described in the remuneration report.	The earning potential of the short-term incentive program may be up to 40% of the annual fixed salary at the target level, and at the maximum level, it is up to twice the target level.

Remuneration element	Purpose	Description	Maximum remuneration
Long-term incentives	Using a share-based long-term incentive system as part of the CEO's remuneration is fundamentally in the interest of the company and its shareholders, as it aligns the goals of the shareholders and the CEO to promote the company's strategy and its long-term financial success.	As a long-term incentive for the CEO, a share-based remuneration or other similar remuneration can be used. The board decides on any possible share-based or other long-term incentive program based on the proposal of the people and sustainability committee. If the CEO's remuneration includes a share-based incentive, its terms define the earnings periods and criteria related to share-based remuneration, the maximum amount of share-based remuneration, as well as possible retention periods, share transfer restrictions, and conditions for the recovery of paid remuneration. The basis for the definition is that the terms correspond to market practice, unless the board considers it justified to deviate from market practice in some cases. The remuneration can be paid partly in shares and partly in cash. The earnings periods of long-term incentive programs are at least three years. The objectives possibly set for the incentive program are set to support the implementation of the company's strategy and both long-term and short-term financial success. In addition to financial criteria, the goals may also include other criteria, such as those related to sustainability. The criteria must be clear and measurable. The condition for the payment of remuneration is that the CEO's employment relationship is valid at the time of payment, unless the board decides otherwise in individual cases. Additionally, the CEO may be required to own a certain number of shares during the employment relationship.	In the long-term incentive program, the CEO may be allocated shares as an earning opportunity for each earnings period, which at the target level corresponds to a maximum of 50% of the base salary at the time of allocation. If the set targets are fully achieved, the number of shares given as rewards can be up to twice the target level.

5.2 Shareholding obligation

The CEO is encouraged to own shares of the company. In share-based incentive programs, it is stipulated that the CEO must retain at least 50% of the shares received in their ownership until the value of their total shareholding corresponds to their annual fixed salary.

5.3 Other key terms applied to the service relationship

The other terms applicable to the CEO's service relationship are agreed upon in the CEO's employment contract approved by the board, which is made to be valid for the time being until the agreed retirement age. The possible notice period and any severance pay follow the prevailing market practice. The principle in defining the terms of the CEO's employment relationship is that the terms provide a competitive and market-compliant remuneration package in terms of level and structure.

The handling of rewards based on incentive programs depends on the circumstances related to the termination of the service relationship, and any rewards are paid according to the incentive program.

5.4 Terms related to the postponement of remuneration and potential claim for recovery

The board has the right to demand the return of already paid variable remuneration in whole or in part in the following cases:

- Manipulation of the program criteria or performance levels
- Correction of Pihlajalinna's financial statements that affect the amount of remuneration
- Actions contrary to the regulations, guidelines, principles, or procedures related to Pihlajalinna's business or actions that are against the company's business interests or otherwise unethical

Other circumstances defined by the board and specified in the terms of the incentive programs

The board may also postpone the payment of remuneration to a more favorable time for the company if, for example, changes in circumstances independent of Pihlajalinna or other conditions would lead to a harmful or unreasonable outcome for Pihlajalinna when applying the incentive system.

5.5 Deputy CEO

What is stated in this remuneration policy regarding the CEO also applies to any deputy CEO registered in the trade register. However, in terms of the level and structure of remuneration, the board is not bound by the CEO's remuneration when deciding on the remuneration of the deputy CEO.

6. DEVIATING FROM AND REVISING THE REMUNERATION POLICY

The company may temporarily deviate from the remuneration policy presented to the general meeting if deviation is necessary to ensure the company's long-term interests and the current remuneration policy would no longer be appropriate in changed circumstances. Such situations include, for example, changes in the board or CEO, significant changes in the company's strategy, changes in the decision-making process regarding the company's remuneration, mergers, tender offers, or acquisitions, as well as changes in taxation or other regulations or legal practice.

Deviation may concern any parts of the remuneration. The board decides on the deviation regarding the CEO.

Significant changes to the remuneration policy are prepared by the personnel and sustainability committee of the board, approved by the board, and the amended remuneration policy is presented to the general meeting according to the decision-making process described in section 3. In addition, the company may make non-significant changes to the remuneration policy without presenting the amended policy to the general meeting. Such permissible non-significant changes include, for example, technical changes to the decision-making process regarding remuneration or terminology related to remuneration. Changes in legislation may also be a reason to make non-significant changes to the remuneration policy.

The board evaluates the need for changes to the remuneration policy. The company considers, depending on the situation, to what extent and in what scope the decision made by the general meeting on the previous remuneration policy or the opinions expressed in the general meeting regarding the remuneration reports published

after the confirmation of the remuneration policy are relevant in preparing the new remuneration policy.

7. VALIDITY

The board of Pihlajalinna Oyj has approved this remuneration policy on March 19, 2025. The remuneration policy will be presented to the shareholders at the annual general meeting of Pihlajalinna Oyj in the spring of 2025.

This remuneration policy will be applied to new remuneration agreements and programs decided upon after the annual general meeting of 2025 has approved the policy.