





# Remuneration Report 2022

## Introduction

This Remuneration Report provides information on the remuneration of the Board of Directors, President & CEO and Deputy CEO of SRV Group Plc (**SRV** or the **company**) during the 2022 financial year. The Remuneration Report has been drawn up in accordance with the recommendations of Securities Market Association's Corporate Governance Code 2020 and current legislation. The Corporate Governance Code is publicly available on the Securities Market Association's website: [www.cgfinland.fi](http://www.cgfinland.fi).

The Remuneration Report was drawn up by the Board of Directors' HR and Nomination Committee, and the Board has approved it for presentation and adoption at the 2023 Annual General Meeting. The Annual General Meeting's decision on the Remuneration Report is advisory.

SRV's Remuneration Report is published annually alongside the company's Financial Statements, Report of the Board of Directors, and Corporate Governance Statement. The report will be available on SRV's website [www.srv.fi/en/investors/cg/remuneration](http://www.srv.fi/en/investors/cg/remuneration) for a period of 10 years from publication. The Remuneration Report is also included as a separate section in SRV's 2022 Annual Report. The company's auditor has checked that this report has been issued.

Remuneration for members of SRV's governing bodies is based on the Remuneration Policy adopted by the Annual General Meeting of 26 March 2020. Unless an amendment is presented to a General Meeting before the 2024 Annual General Meeting, this Remuneration Policy will remain in force until then.

In line with SRV's Remuneration Policy, the remuneration paid to members of the company's governing bodies seeks to align the objectives of SRV's owners with those of its governing bodies, with the aim of increasing the company's value and operating profit and strengthening the President & CEO's commitment to the company. The principles of remuneration applicable to the members of governing bodies are largely governed by the same principles as those applicable to the remuneration of other personnel and the company's terms and conditions of employment. However, compared to other personnel, the principles for executive remuneration place a greater emphasis on long-term commitment and the opportunity for an increase in earnings in line with an increase in shareholder value.

The remuneration paid to members of the Board of Directors, the President & CEO and the Deputy CEO during the 2022 financial year complied with the company's approved Remuneration Policy. No remuneration was reclaimed or restated during the financial year.

In the 2022 financial year, the remuneration paid to members of the Board consisted of an annual fee approved by the Annual General Meeting plus attendance-based meeting fees. In accordance with the Annual General Meeting's resolution, the annual fee was paid for the first time in both SRV shares and cash, with about 40 per cent being paid in shares.

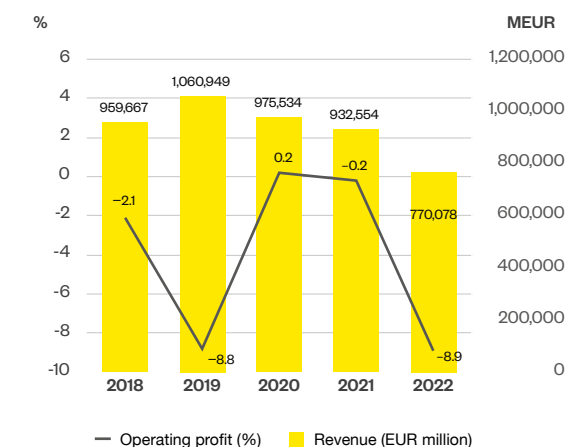
In the 2022 financial year, the President & CEO's remuneration consisted of a fixed base salary and fringe benefits plus variable components, such as short-term and long-term incentives. The President & CEO was also paid a one-off separate fee for the successful completion of the company's overall financing arrangement.

There were no changes in the structure of the Deputy CEO's remuneration during the 2022 financial year.

## Development of remuneration and company result over the previous five financial years

In addition to changes in the operating environment, SRV's development in recent years has been affected by the extensive measures taken to strengthen the company's performance and financial position and to improve profitability. The most significant event concerning SRV in 2022 was the extensive financing arrangement by which the company reinforced its equity as a result of write-downs of assets in Russia.

## Business development



## Remuneration paid (EUR 1,000)

	2018	2019	2020	2021	2022
Chair of the Board	76	80	86	84	115
Vice Chair of the Board	64	68	77	77	86
Other Board members, average	51	57	67	55	78
President & CEO <sup>1</sup>	517	424	645	605	631
Deputy CEO <sup>2</sup>	241	203	200	231	224
Average salaries and bonuses paid to SRV employees <sup>3</sup>	55	56	59	60	64

<sup>1</sup> Saku Sipola, President & CEO as of 1.9.2019. The table takes into account the fixed and variable remuneration of the current President & CEO (short- and long-term incentives) during each financial year. The figures for 2019–2020 do not take the notice period salary and severance pay of the previous CEO into consideration.

<sup>2</sup> Timo Nieminen, Deputy CEO until December 2022.

<sup>3</sup> The development of the average employee salary is based on personnel costs excluding social security costs (as given in the Financial Statements) and the remuneration paid to the President & CEO and Board of Directors divided by the average number of employees during the year.

Remuneration of the Board of Directors in the 2022 financial year

The General Meeting decides on the remuneration paid to members of the Board of Directors.

The remuneration of the Board of Directors as per the resolution of the 2022 Annual General Meeting:

Annual fee (EUR)		Payment method (for the annual fee)	Meeting fee
Chair	72,000	<ul style="list-style-type: none"><li>About 40 per cent in shares, the remainder in cash. The company is responsible for any share acquisition costs and transfer tax.</li><li>The shares are not subject to a commitment period or any other transfer restrictions.</li></ul>	<ul style="list-style-type: none"><li>EUR 700 / Board and Committee meeting</li><li>Paid in cash</li></ul>
Vice Chair	48,000		
Chair of the Audit Committee (unless also the Chair or Vice Chair of the Board of Directors)	48,000		
Member of the Board	36,000		

Remuneration paid to members of the Board of Directors in 2022:

Member of the Board	Annual fee (EUR) of which		Meeting fees <sup>5</sup> (EUR)	Total remuneration (EUR)	Number of shares acquired as part of the annual fee <sup>6</sup>
	in shares (EUR)	in cash <sup>4</sup> (EUR)			
Tomi Yli-Kyyny	90,000		25,200	115,200	96,277
	28,796	61,204			
Timo Kokkila	60,000		25,900	85,900	64,184
	19,197	40,803			
Heli Iisakka	60,000		26,600	86,600	64,184
	19,197	40,803			
Hannu Leinonen	45,000		30,800	75,800	48,138
	14,398	30,602			
Heikki Leppänen	45,000		26,600	71,600	48,138
	14,398	30,602			
Total	300,000		135,100	435,100	320,921
	95,986	204,014			

Any travel expenses arising from Board-related work were paid according to the company’s travel policy.

Members of the Board of Directors are not employed by the company or its subsidiaries, do not act as advisors to the company, and are not covered by any employment-based remuneration plans. They are not covered by SRV’s incentive plans either. Members of the Board have not received any financial or other benefits from the company in addition to the remuneration mentioned in this report.

Remuneration paid to the President & CEO and deputy CEO in the 2022 financial year

SRV’s Board of Directors decides on the remuneration paid to the President & CEO and Deputy CEO.

The President & CEO’s remuneration consists of fixed components, such as a base salary and fringe benefits, and variable components, such as short- and long-term incentives and other financial benefits. These other financial benefits may consist of additional insurance or one-off payments, such as a sign-on bonus, severance pay upon dismissal or, on the basis of a Board decision, a separate bonus for safeguarding the company’s interests under special circumstances. A one-off payment may account for no more than half of the President & CEO’s fixed annual compensation.

A senior executive appointed by the Board of Directors serves as the deputy to the CEO as their secondary job. With the role being a secondary job, the company does not pay a separate fee for it. The Deputy CEO’s remuneration consists of the same elements as the President & CEO’s.

Remuneration paid to the President & CEO and Deputy CEO in the 2022 financial year:

	President & CEO (EUR)	Deputy CEO <sup>7</sup> (EUR)
Fixed base salary	438,805	202,795
Fringe benefits <sup>8</sup>	15,445	12,210
Short-term incentives	54,375	8,900
Long-term incentives <sup>9</sup>	-	-
Other financial benefits <sup>10</sup>	122,500	-
Total remuneration	631,125	223,905
Ratio of fixed and variable components	72% / 28%	96% / 4%

<sup>4</sup> The cash portion of the annual fee consists of the January–March 2022 payments in accordance with the resolution of the 2021 Annual General Meeting and the April 2022–March 2023 cash payments in accordance with the resolution of the 2022 Annual General Meeting.

<sup>5</sup> Meeting fees include EUR 12,600 of 2021 meeting fees that were paid in January 2022. EUR 14,000 of 2022 meeting fees were paid in January 2023.

<sup>6</sup> Date of purchase 13 May 2022. The number of shares is indicated in the table as the number of shares on the date of purchase. On 4.7.2022, the company has carried out a reverse share split so that each of the forty (40) shares in the company was combined into one (1) share.

<sup>7</sup> In the 2022 financial year, the remuneration paid to the Deputy CEO was based on the primary role of the person who held the position of Deputy CEO.

<sup>8</sup> Short-term incentives are recorded in the table on the basis of when they were paid. The total sum includes a performance bonus that was paid in April 2022 on the basis of the 2021 short-term incentive scheme.

<sup>9</sup> No bonuses from long-term incentive schemes were paid during the 2022 financial year.

<sup>10</sup> Other financial benefits include the monetary value of a one-off separate fee that was paid to the President & CEO during the 2022 financial year for the successful completion of the company’s overall financing arrangement.

The company has not made any supplementary pension or insurance payments to the President & CEO or Deputy CEO.

Short-term incentives for the President & CEO and Deputy CEO

The Board makes an annual decision on the criteria for the President & CEO’s short-term incentive plan (performance bonus). The main emphasis will be on financial objectives, but some of the objectives can also be non-financial. The Board assessed the President & CEO’s performance in relation to these criteria at the end of the review period. The review period is the financial year. In accordance with the company’s Remuneration Policy, the performance bonus paid under the short-term incentive plan may account for no more than two-thirds of the President & CEO’s fixed annual compensation.

In the 2022 financial year, the company’s Board of Directors specified the criteria for the President & CEO’s performance bonus and their weighting with regard to the company’s order backlog (40%) and operative operating profit (60%). The President & CEO’s earning opportunity under the 2022 performance bonus plan was equivalent to eight months’ fixed base salary.

In February 2023, the Board of Directors assessed the President & CEO’s performance in relation to the criteria set for the bonus and exercised its right to adjust the amount that was calculated using the formula due to substantially and unpredictably changed circumstances in the operating environment from the time the criteria were set. After the adjustment, the President & CEO’s realised earnings from the performance bonus for 2022 were 35 per cent of the maximum bonus allowed.

The Deputy CEO’s short-term incentive scheme is based on a performance bonus scheme for the company’s personnel, which is approved by the Board for one year at a time. The performance bonus may account for no more than half of the Deputy CEO’s fixed annual compensation.

In the 2022 financial year, the criteria specified for the Deputy CEO’s short-term performance bonus and their weighting consisted of the development of the company’s order backlog and operative operating profit (70%) and progress in strategic project development (30%).

The performance of the Deputy CEO in relation to the criteria set for the performance bonus was assessed by the Board of Directors in February 2023. The Board of Directors exercised its right to adjust the amount of the remuneration of the Deputy CEO, determined on the

basis of the calculation formula, on the same basis as the performance bonus of the President & CEO. After the adjustment, the Deputy CEO’s realised earnings from the performance bonus in 2022 were 40 per cent of the maximum bonus allowed.

The 2022 performance bonuses for the President & CEO and Deputy CEO will be paid in cash, which is in line with market practice and the Securities Market Association’s Corporate Governance Code 2020. The performance bonuses will be paid in April 2023.

Long-term incentives for the President & CEO and Deputy CEO

In the financial year 2022, the President & CEO participated in three of the company’s long-term incentive

plans. The President & CEO’s earning opportunities under these plans as per the situation on 31 December 2022 are shown in the table.

Under the terms of these plans, any shares that are acquired or received as remuneration are subject to a transfer restriction that is valid for two years from the acquisition or receipt of the shares.

The long-term incentive plan for the Deputy CEO, if such is in place, will be governed by the same principles as those adopted by the Board for the long-term incentive plan for other management and key personnel.

The Deputy CEO did not participate in any of the company’s long-term incentive plans during the 2022 financial year.

Long-term incentive plan	Earning opportunity	Acquisition price/performance criterion	Usage/pay-out year	Achievment
Share plan 2019–2026 <sup>11</sup>	1,000,000 shares (net)	EUR 0.55 per share	<ul style="list-style-type: none"><li>300,000 shares 1 March 2022–28 February 2023</li><li>300,000 shares 1 March 2023–31 August 2024</li><li>400,000 shares 1 September 2024–31 August 2026</li></ul>	Discontinued on 1 February 2023
Share plan 2021–2022 <sup>12</sup>	450 000 (gross)	Operative cash flow and Total Shareholder Return (TSR)	2023	Outturn EUR 20,362 confirmed on 1 February 2023, will be paid in April 2023
Share plan 2021–2023 <sup>13</sup>	450,000 (gross)	Total Shareholder Return (TSR)	2024	Discontinued on 1 February 2023
Share plan 2022–2024 <sup>14</sup>	450,000 (gross)	Total Shareholder Return (TSR)	2025	Discontinued on 1 February 2023

<sup>11</sup> On 1 February 2023, the Board of Directors decided on the discontinuation of the share plan and the cancellation of the acquisition rights granted based on it. A stock exchange release about these changes was published on 2 February 2023.

<sup>12</sup> On 1 February 2023, the Board of Directors confirmed the rewards to be paid under the share-based incentive plan 2021-2022. The calculation of the rewards took into account the changes in the number of shares in the company caused by SRV's reverse share split on 4 July 2022. After the changes, the maximum calculated amount of the President & CEO's earning opportunity was 11,250 shares (gross). A stock exchange release about these decisions was published on 2 February 2023.

<sup>13</sup> On 1 February 2023, the Board of Directors decided to discontinue the 2021–2023 share scheme. No rewards will be paid for the discontinued scheme. A stock exchange release about the discontinuation was published on 2 February 2023.

<sup>14</sup> On 1 February 2023, the Board of Directors decided to discontinue the 2022–2024 share scheme. No rewards will be paid for the discontinued scheme. A stock exchange release about the discontinuation was published on 2 February 2023.