

This report was approved by the CapMan Plc Board of Directors on 6 February 2024

# *CapMan – Remuneration Report 2023*

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This Remuneration Report (“Report”) of CapMan Plc (“CapMan” or “Company”) describes the implementation of the Company’s Remuneration Policy and provides information on the remuneration of the Company’s Board of directors (“Board”) and CEO in the financial year 2023. The Report has been prepared in accordance with Finnish legislation and the Finnish Corporate Governance Code 2020. This Report will be presented at the Annual General Meeting (“AGM”) on 27 March 2024 for advisory vote.

The AGM 2023 adopted the Remuneration Policy for Company’s governing bodies through advisory resolution. The Remuneration Policy is available on the Company’s website ([www.capman.com/shareholders/governance/remuneration/](http://www.capman.com/shareholders/governance/remuneration/)). Also, the Remuneration Report 2022 was adopted through advisory resolution in the AGM 2023.

On 15 March 2023 the Board appointed Pia Kåll as the new CEO to replace Joakim Frimodig, who had acted as CEO since 2017 and was elected as a Board member by the AGM 2023. The Board engaged Frimodig as the Executive Chairman of the Board. Both appointments took effect on 15 March 2023.

# 1. Introduction

## 1.1 Implementation of the Remuneration Policy in 2023

The AGM 2023 decided on the remuneration of the members of the Board in accordance with the proposal by the Shareholders’ Nomination Board. The Shareholders’ Nomination Board consists of representatives of the largest shareholders and, thereby, the Board is not involved in the preparation of its own remuneration.

According to the decision of the AGM 2023, the members of the Company’s Board were paid monthly remuneration and meeting fees in 2023. In 2023, as in 2022, all remuneration was paid in cash. The Board fees are described in the table below.

ROLE	MONTHLY FEE (EUR)	
	2022	2023
Chair of the Board	5,000	5,000
Vice Chair of the Board	4,000	4,000
Chair of the Audit and Risk Committee <sup>1</sup>	4,000	4,000
Member	3,250	3,250

<sup>1</sup> If he/she is not simultaneously acting as Chair or Vice Chair of the Board of Directors.

ROLE	MEETING FEE (EUR)	
	2022	2023
Chair of the Board	800	800
Chair of the Audit and Risk Committee	800	800
Chair of the Remuneration Committee	800	800
Members	400	400

The Remuneration Committee of CapMan's Board convened twice in 2023 to prepare matters concerning the remuneration of the Company's CEO and other management. Based on the preparation of the Remuneration Committee the Board decided on short-term incentive rewards to the Company's management which were paid in March 2023. In addition, the Board decided on the management's short-term incentive programme for the financial year of 2023. In accordance with the Board's previous decision in principle, the CEO was not included in the short-term incentives in 2023, nor 2022, 2021 or 2020. Based in the Company's current situation, the Board has outlined that the CEO's variable remuneration is to be based mainly on long-term incentives.

According to the Board's opinion, the decision-making on remuneration complied with the decision-making process described in the Remuneration Policy, and the remuneration components are consistent with the principles set out in the Policy, and there has been no deviation from the Remuneration Policy. No clawback was exercised to the remuneration of the Board or CEO.

## 1.2 Focus on Long-Term Remuneration with a Share-Based Incentive Programme

The Company aims at maintaining attractive, competitive, fair and sustainable remuneration which strives to achieving strategic business objectives of the Company in short-term and especially in the long-term. The Board has emphasized the significance of the strategic long-term success with sustainability as the Company's key objective by attaching the CEO's variable remuneration entirely to long-term incentive programme including sustainability performance targets. The CEO is excluded from the short-term incentive programme.

The Company has two share-based incentive programmes. Both programmes are targeted for the CEO, management group and selected key employees, altogether approximately 20 people in the CapMan Group. The aim of the programmes is to align the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term. Additionally, the programmes aim to retain the key employees at the Company, and to offer them a competitive reward plan that is based on each participant investing, owning, earning and accumulating their ownership of Company's shares. The contents of the programmes are summarized below. The programmes are described in detail on the Company's website at <https://www.capman.com/shareholders/governance/remuneration/>.

### 1.2.1 Performance Share Plan 2020–2023

The Performance Share Plan 2020-2023 (the “PSP 2020”) consisted of a performance period for which the participants earned CapMan’s shares as reward based on their personal investment into CapMan’s shares and performance requirements set by the Board. The performance period commenced on 1 April 2020 and ended on 31 March 2023.

The prerequisite for reward payment in the PSP 2020 was that a participant allocated previously owned or newly acquired freely transferable CapMan’s shares, in a number pre-determined by the Board, to the program, and held these shares until the reward payment.

The performance criterion was based on the Total Shareholder Return of CapMan’s shares (“TSR”) during the performance period. The programme also included one- and two-year vesting periods. The overall outcome at the end of the performance period was four and a half (4.5) CapMan’s shares for each one (1) CapMan’s share allocated to the program, i.e. the PSP generated the maximum reward to the participants.

CapMan’s shares given as reward on the basis of the PSP 2020 may not be sold, transferred, pledged or otherwise assigned during the lock-up period ending on 30 April 2024. Thereafter, a participant must, as a rule, hold a minimum of 25 per cent of the gross CapMan’s shares issued as a reward on the basis of the PSP 2020, until the participant’s shareholding in the Company in total corresponds to the value of the participant’s annual salary for the calendar year preceding the reward payment, and the participant’s employment or service in the CapMan Group continues.

Joakim Frimodig, who held the position of CEO until 15 March 2023, participated in the PSP 2020 with the maximum number of shares determined by the Board (300 000 shares). The Company’s current CEO, Pia Käll, who has held the position since 15 March 2023, participated in the PSP 2020 as a member of the Management Group with the maximum number of shares determined by the Board (30 000 shares). The performance period of the PSP 2020 ended on 31 March 2023, and Joakim Frimodig and Pia Käll received the remaining share reward of PSP 2020 in accordance with the share contribution allocated to them and the outcome of the performance criterion of TSR of CapMan’s shares.

### 1.2.2 Performance Share Plan 2022–2025

The Performance Share Plan 2022-2025 (the “PSP 2022”) includes three performance periods. The performance periods commenced on 1 April 2022 and end on 31 March 2023, 2024, and 2025, respectively. The participants may earn a performance-based reward from each of the performance periods and a matching reward from the 2022-2025 period.

The prerequisite for receiving a reward from the PSP 2022 is that a participant acquires Company shares or allocates previously owned Company shares to the PSP 2022 up to the number determined by the Board. The reward is based on the Total Shareholder Return (TSR), the achievement of sustainability-linked targets, and on a participant’s employment or service upon reward payment. The sustainability-linked targets are as follows:

- Set science-based targets for climate, have the targets validated by the Science Based Targets Initiative and thereafter follow the GHG emission reduction plan;
- Maintain the employee satisfaction eNPS survey above 50 on a yearly basis;

- Include relevant and quantifiable ESG targets in the CapMan Group employee bonus programme for all eligible personnel. ESG targets should count for minimum 5% of the employee evaluation score by April 2025;
- Set mid- and long-term percentage targets by the end of 2023 on gender diversity, including targets for appointments for Management Group and Partner level, and targets for new recruits throughout the CapMan organisation. CapMan should reach the mid-term target by April 2025.

The rewards from the PSP 2022 will be paid in the Company's shares in 2024, 2025, and 2026. The shares paid as reward may not be transferred during the one-year lock-up periods.

The former CEO, Joakim Frimodig, participated in the PSP 2022 with the maximum number of shares determined by the Board (250 000 shares). His participation in the PSP 2022 ended in March 2023 when he resigned from the CEO position. He was paid the share reward for the first performance period in May 2023, i.e., 94 931 shares. No payments for the second and/or third performance periods shall be made to the former CEO.

Pia Kåll has participated in the PSP 2022 as a member of the Management Group with the maximum number of shares determined by the Board (30 000 shares) until 15 March 2023. In connection with her appointment as the CEO, the Board determined to increase the maximum number of shares she is allowed to allocate to the PSP 2022 to 250 000 shares in aggregate.

### 1.3 Development of Remuneration

The development of remuneration of the Company's Board members and CEO compared to the development of average remuneration of the Company's personnel and the Company's financial development over the past five financial years are presented in the table below.

Key figure / Position	2019	2020	2021	2022	2023
Share price 31.12., € (Nasdaq Helsinki)	2,36	2,32	3,04	2,71	2,29
Distributed dividends, €	0,12	0,13	0,14	0,15	0,17
TSR (Total Shareholder Return), %	58 %	3 %	30 %	- 5 %	- 7 %
Turnover, €	48 972 000	42 989 000	52 784 000	67 532 000	59 364 000
CEO Joakim Frimodig, annual income, € <sup>2</sup>	376 300	361 974	376 300	453 125	129 639

<sup>2</sup> In 2023, the figures cover the time period of 1.1.-15.3.2023. Social costs have not been included in the CEO's income figures.

CEO Pia Kåll, annual income € <sup>3</sup>					351 486
CEO Joakim Frimodig, share rewards, € <sup>4</sup>	0	2 241 675	0	2 343 150	1 468 916
CEO Pia Kåll, share rewards, € <sup>5</sup>					121 302
Board member, € <sup>6</sup>	49 091	49 038	48 552	49 794	42 545
Personnel, € <sup>7</sup>	159 551	150 664	185 373	171 204	180 060
Personnel, share rewards, € <sup>8</sup>	0	4 079 849	0	5 149 462	2 789 946

## 2. Remuneration of the Board Members in 2023

The following table includes the board fees and meeting fees paid to the members of the Board in 2023. Both fees remained unchanged from year 2022. The table also includes the compensation paid to Joakim Frimodig for the role of Executive Chairman of the Board. The board and meeting fees were paid fully in cash. In addition to the board and meeting fees the members of the Board have been reimbursed for travel expenses in accordance with the Company's travel compensation policy.

The Executive Chairman of the Board or the other Board members are not eligible to any additional pension payments, fringe benefits or other personnel benefits provided by the Company.

<sup>3</sup> CEO Pia Kåll's annual income covers the time period of 15.3.-31.12.2023. Social costs have not been included in the CEO's income figures.

<sup>4</sup> Rewards paid from the Performance Share Plans 2020 and 2022. The delivery date of the shares was 5.5.2023 with a share price of 2.725 € per share. The gross number of shares was reduced by the amount of applicable taxes before the shares were delivered.

<sup>5</sup> Rewards paid from the Performance Share Plan 2020 related to Kåll's previous role as the management group member. The delivery date of the shares was 5.5.2023 with a share price of 2.725 € per share. The gross number of shares was reduced by the amount of applicable taxes before the shares were delivered.

<sup>6</sup> Average remuneration paid to a Board member (monthly fee and meeting fees in total).

<sup>7</sup> Personnel costs reported in the financial statements of the Company divided by the annual full-time equivalent (FTE) personnel head count, including e.g. variable remuneration and social costs (excluding share rewards). The figure for 2021 has been adjusted in accordance with employee head count (formerly 204 418 €).

<sup>8</sup> Rewards paid from the Performance Share Plan 2020. The figure for 2022 has been adjusted (formerly 5 018 246 €).

Board member	Board Service 2023	Board fee 2023, €	Meeting fees 2023, €	Other compensation in 2023, €	Total Remuneration 2023, €
Bygge Johan	1 Jan – 31 Dec	39 000	5 200	0	44 200
Fagerholm Catarina	1 Jan – 31 Dec	39 000	6 000	0	45 000
Frimodig Joakim	15 Mar – 31 Dec	47 826	4 000	239 130	290 956
Hammarén Johan	1 Jan – 31 Dec	39 000	3 200	0	42 200
Kaario Mammu	1 Jan – 31 Dec	48 000	7 200	0	55 200
Liitola Olli	1 Jan – 31 Dec	39 000	4 000	0	43 000
Tallberg Andreas	1 Jan – 15 Mar	12 391	4 000	0	16 391
TOTAL		264 217	33 600	239 130	536 947

### 3. Remuneration of the CEO's in 2023

The following table includes the remuneration and other financial benefits paid to Joakim Frimodig and Pia Kåll during their appointments as the CEO in 2023

Name	Fixed annual salary, €	Annual bonus, €	Shares, €	Supplementary pension, €
Frimodig Joakim	129 639	0	1 468 916	12 959
Kåll Pia	351 486	0	121 302	35 004

The variable remuneration paid to Joakim Frimodig as the CEO in 2023 consisted solely of long-term variable remuneration. As CEO, Joakim Frimodig was entitled to additional defined contribution-based pension plan for which the Company paid an annual premium of 10% of his annual salary. The pension plan was terminated in connection with the termination of his appointment as CEO.

Pia Kåll's remuneration elements are corresponding to previous CEO Joakim Frimodig's remuneration. The variable remuneration paid to Pia Kåll as the CEO in 2023 consisted solely of long-term variable remuneration and corresponds to approximately 0,35 x the fixed annual salary.

From the beginning of her appointment, Pia Kåll is entitled to an additional defined contribution-based pension plan for which the Company pays an annual premium of 10% of the participant's annual salary. The CEO's entitlement to a paid-up policy increases gradually after three years and after six years covers 100% of the cumulative additional pension saving. The retirement age of the CEO is 63 years.