

Scanfil Oyj

Remuneration report

31.12.2023

REMUNERATION REPORT FOR THE GOVERNING BODIES 2023

1. Introduction

Scanfil plc's Annual General Meeting held on April 23, 2020 discussed the remuneration policy regarding the company's administrative bodies. The objective of the discussed remuneration policy is to promote the long-term financial performance of the company and development of the shareholder value through the remuneration of the company's top management by having the management committed to and motivated in implementing the company's strategy in line with the interests of all shareholders of the company. The remuneration policy also aims to provide the CEO with a total remuneration package that motivates and commits the CEO to the implementation of the company's long-term strategy and its financial profitability are concerned.

According to the policy, remuneration of the Board of Directors can consist of one or several elements, such as annual fees and meeting fees. The fees can be paid in cash, or partly in cash and partly in the company's shares. Board members are not covered by the company's incentive reward schemes. In 2023, the Board's monthly fees, committee membership fees and meeting fees were paid in cash.

The remuneration of the CEO consists of a fixed base salary and variable incentives, i.e., performance-based bonuses. The variable incentive schemes include the annual incentive scheme and the stock option incentive scheme. The variable annual incentive scheme cannot exceed 100 per cent of the fixed base salary.

Details about the Remuneration policy can be found [online](#).

KEY ELEMENTS OF REMUNERATION

Element	Target group	Target	Description
Salary	CEO (and other senior management)	Attract, keep and reward skilled managers	Number of factors are taken into account in determining the basic salary, e.g. market situation, individual qualities, skill and experience. The basic salary is typically reviewed annually.
Fixed remuneration	The Board of Directors	Attract, keep and reward skilled Board members	The remuneration of the Board of Directors is proposed by the Nomination and Remuneration Committee to the General Meeting to decide.
Annual incentive scheme (short-term)	CEO (and other senior management)	Encourage, guide and reward from achieving short-term financial, operational and strategic targets	The short-term annual incentive plan is primarily based on one-year earnings criteria, which are further based on longer-term indicators, typically three years of target settings. Structure discussed more in details in section "Remuneration of the CEO in 2023".
Stock option incentive scheme (long-term)	CEO (and other senior management)	Link management and their rewarding to Company's shareholders.	The General Meeting decides on share-based compensation programs and authorizes the Board of Directors to decide on the details and practical implementation of the compensation programs. More details in section "Remuneration of the CEO in 2023".

Scanfil's financial and remuneration development over the last five years

Company turnover increased significantly in 2021-2022, and 2023 it was the highest in the company's history. Profit margin recovered when the challenges in the supply chain, especially semiconductors, started to fade out towards the end of 2022.

FINANCIAL AND REMUNERATION DEVELOPMENT, 2019-2023

	2019	2020	2021	2022	2023
Turnover, EUR million	579.4	595.3	695.7	843.8	901.6
Annual turnover growth, %	2.9	2.7	16.9	21.3	6.9
Adjusted operating profit, EUR million	39.4	39.1	40.3	45.4*	61.3*
Adjusted operating profit, %	6.8	6.6	5.8	5.4*	6.8*
Share price change, VWAP, %	-6.8	21.9	50.1	-13.4	18.1

*No adjustments in the financial reporting period

Scanfil's financial targets in 2023 were 5%-7% organic annual turnover growth and 7% adjusted operating profit margin. The turnover target was achieved whereas the company fell 0.1% behind in the profit margin target.

Throughout the period under review, the remuneration of the Board has consisted of the monthly fees and committee membership fees decided by the General Meeting.

FEES OF THE BOARD OF DIRECTORS

1,000 EUR	2019	2020	2021	2022	2023
Harri Takanen (chair)	49.3	51.0	54.1	61,5	60.7
Thomas Dekorsy (as of 27 April 2023)	-	-	-	-	22.8
Bengt Engström	27.5	29.5	33.8	40.0	39.3
Christina Lindstedt	28.6	30.1	33.8	36.8	41.5
Juha Räisänen (as of 23 April 2020)	-	17.4	33.8	37.8	45.8
Minna Yrjönmäki	-	-	-	-	25.6
Jarkko Takanen (until 2 February 2022)	30.2	31.7	34.9	9.0	-
Christer Härkönen (until 22 April 2021)	25.9	27.9	11.4	-	-
Salaries and fees of the Board of Directors, in total	161.5	187.6	198.7	185.0	235.7

The remuneration of the CEO has consisted of a fixed base salary with fringe benefits and variable incentives. The variable incentives have included the short-term performance bonus and long-term stock option schemes, with their terms and conditions determined by the Board. Petteri Jokitalo acted as the CEO until August 31, 2023. Christophe Sut assumed his position as the CEO September 1, 2023.

SALARIES AND FEES OF THE CEO

1,000 EUR	2019	2020	2021	2022	2023
Salary, in total	269.5	289.7	295.3	304.0	354.2
Petteri Jokitalo	269.5	289.7	295.3	304.0	241.1
Christophe Sut	-	-	-	-	113.1
Fringe benefits, in total	13.6	12.3	14.2	14.8	14.5
Petteri Jokitalo	13.6	12.3	14.2	14.8	11.3
Christophe Sut	-	-	-	-	3.1
Performance bonus, in total	258.0	85.0	105.6	101.4	160.0
Petteri Jokitalo	258.0	85.0	105.6	101.4	160.0
Christophe Sut	-	-	-	-	-
In shares and payable stock options, in total	71.2	132.2	631.3	-	1,111.1
Petteri Jokitalo	71.2	132.2	631.3	-	1,111.1
Christophe Sut	-	-	-	-	-
In total	612.3	519.2	1,046.4	420.1	1,640.2

The development of employees' remuneration is based on the salaries and wages paid to the personnel less the employer's social security contributions divided by the average number of employees during the year.

PAID SALARIES AND WAGES/AVERAGE NUMBER OF EMPLOYEES

1,000 EUR	2019	2020	2021	2022	2023
In total	20.8	22.6	23.1	24.0	25.1

2. Remuneration of the Board of Directors in 2023

The remuneration of the Board members is decided by the General Meeting of Scanfil plc.

On April 27, 2023 the Annual General Meeting decided that:

- Members of the Board are paid EUR 3,000/month
- The Chairman of the Board is paid EUR 4,800/month.

Additionally, members of the Committee received a compensation of EUR 700/meeting and the Chair of the Audit Committee EUR 350/month. In addition, a fee of EUR 350 per face-to-face meeting held outside of the Board Members country of residence was paid.

The travel expenses of Board members were compensated in accordance with the company's travel policy. No other benefits were paid to the members of the Board on the basis of this position.

During the financial year of 2023, members of Scanfil plc's Board of Directors did not receive any company's shares or share-based benefits as remuneration.

MEETING AND COMMITTEE FEES PAID TO THE BOARD OF DIRECTORS IN 2023

EUR	Meeting fee	Committee fee	Fees in total
Harri Takanen	56,790	3,950	60,740
Thomas Dekorsy	22,800	-	22,800
Bengt Engström	36,677	2,650	39,327
Christina Lindstedt	36,677	4,800	41,477
Juha Räisänen	37,027	8,757	45,783
Minna Yrjönmäki	22,100	3,500	25,600
In total	212,069	23,657	235,727

3. Remuneration of the CEO in 2023

The CEO has a service contract that is valid until further notice with a mutual notice period of six months. Should the company terminate the service contract made with the CEO, the amount is subject to the duration of the service term and at the maximum equivalent to the monetary salary of 12 months can be paid to the CEO as a severance package under the terms and conditions of his service contract.

The retirement age of the CEO is the statutory retirement age.

SALARIES AND FEES OF THE CEO

EUR	Fixed	Variable
Salary, in total	354,176	-
Petteri Jokitalo	241,075	-
Christophe Sut	113,101	-
Fringe benefits, in total	14,454	-
Petteri Jokitalo	11,340	-
Christophe Sut	3,114	-
Performance bonus from the year 2022 (50.8% of the maximum), in total	-	160,484
Petteri Jokitalo	-	160,484
Christophe Sut	-	-
Stock option scheme, in total	-	1,111,060
Petteri Jokitalo	-	1,111,060
Christophe Sut	-	-
Salaries and fees, in total	368,630	1,271,544
Petteri Jokitalo	252,415	1,271,544
Christophe Sut	116,215	-
Salaries and fees in total	1,640,174	

In addition, the former CEO Petteri Jokitalo was paid a performance bonus of EUR 316,224 regarding the year 2023 in 2024, which was 100% of the maximum.

Performance bonus

The CEO is included in the scope of the management's performance bonus scheme based on the Group's operating profit and turnover. The operating profit determines 80% and turnover 20% of the bonus payable to the CEO. The final performance bonus is determined on the basis of the actual operating profit and turnover in euro compared with the targets set in the previous three years, each representing one-third of determining the bonus. The Board of Directors decides on the management remuneration scheme and its terms and conditions for the next three years.

The annual bonus cannot exceed the amount corresponding to 12 months' salary. The CEO is also included in the scope of the company's share-based incentive scheme.

The CEO does not have other benefits.

Stock option scheme

On April 24, 2019, the Scanfil plc General Meeting authorized the Board of Directors to decide on granting stock option rights to certain key personnel of the company and its subsidiaries and to decide on the terms and conditions of the option scheme. The total number of stock option rights may not exceed 900,000, and they entitle one to the subscription of a maximum of 900,000 new shares or treasury shares of the company ("Stock Option scheme 2019").

On 21 April 2022, the Annual General Meeting of Scanfil plc decided to authorize the Board of Directors to decide on granting stock options rights to key personnel of the Scanfil Group and to decide on the terms and conditions of the maximum amount of 1,200,000 option rights ("Stock Option scheme 2022").

OPTIONS HELD BY THE CEO	2019(C)	2022(AI)	2022(BI)*
Number of options	120,000	120,000	120,000
Subscription period	1 May 2024 - 30 April 2026	1 May 2025 - 30 April 2027	1 May 2026 - 30 April 2028
Fair value, in total, EUR	199,200	196,800	1229,200

*Concerns CEO Christophe Sut. More details on stock option schemes can be found [here](#).