

**TELESTE - REMUNERATION REPORT FOR  
THE COMPANY'S GOVERNING BODIES  
2023**

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## 1. Introduction

This Remuneration Report follows the guidelines of the Corporate Governance Code 2020. The remuneration paid or due to the Board members and the CEO for the year 2023 is in line with the Remuneration Policy of the Governing Bodies of Teleste approved at the Annual General Meeting (“the AGM”) 2020. The materialised remuneration of the Board members and the CEO in the year 2023 reflects the targets of remuneration principles which Teleste has set with its Remuneration Policy.

The remuneration paid or due to the Board members and the CEO for the year 2023 promotes the long-term financial performance and success of Teleste Oyj (“Teleste” or “the Company”) as described below.

The purpose of the total compensation of the Board members, consisting of annual remuneration and meeting fees, is to be sufficiently competitive to ensure that sufficiently qualified persons can be obtained to perform the responsibilities of the Board of Directors. The tasks of the Board of Directors include deciding on the Company's strategy and setting and monitoring the implementation of long-term objectives. Thus, the principles for Board remuneration contribute to Teleste's long-term financial performance and success.

The CEO's remuneration is based on Teleste's remuneration principles. The key objective of the remuneration for the CEO of Teleste is to encourage him in increasing the shareholder value by aligning his interests with the interests of Teleste's shareholders. Both fixed and variable salary components are tied to the market situation, strategy and the Company's success. A comparison of the development of the fees of the Board of Directors and the remuneration of the CEO to the development of the average remuneration of the employees and to the Company's net sales and adjusted EBIT is illustrated and compared in the table below.

The Remuneration Report for 2022 was presented to the AGM in 2023 and approved.

### Development of remuneration and financial development (EUR) over the past five years

EUR	2023	2022	2021	2020	2019
<b>Board of Directors<sup>1</sup></b>	247,000	247,000	247,000	247,000	256,000
<b>President and CEO<sup>2</sup></b>	325,704	310,260	457,530	396,908	534,516
<b>Employees' average remuneration<sup>3</sup></b>	47,594	48,250	46,591	44,808	45,331
<b>Financial development:</b>					
Net sales, continuing operations, EUR million	151,3	165.0	144.0	<sup>4</sup> 145.0	235.5
Adjusted EBIT, continuing operations, EUR million	1.2	2.0	5.5	5.1	7.7

<sup>1</sup> Values exclude meeting fees.

<sup>2</sup> Values exclude additional pension payments. The data for 2019–2021 comprises the remuneration of CEO Jukka Rinnevaara. The data for 2022 and 2023 comprises the remuneration of CEO Esa Harju, who took up his post on 1 January 2022.

<sup>3</sup> Average employee: total personnel expenses without social and pension costs divided by the average number of personnel during the year.

<sup>4</sup> Teleste divested its services business in Germany in 2020. Sold operations are excluded from continuing operations 2020.

## 2. Fees of the Board of Directors

Teleste's AGM 2023 decided on the annual remunerations to be paid to the members of the Board of Directors as follows: EUR 66,000 per year for the Chairman and EUR 33,000 per year for each member.

The annual remuneration of the Board member who acts as the Chair of the Audit Committee is EUR 49,000 per year. Of the annual remuneration to be paid to the Board members, 40 per cent of the total gross remuneration amount will be used to purchase Teleste Corporation's shares for the Board members through trading on the regulated market organised by Nasdaq Helsinki Ltd, and the rest will be paid in cash. In addition, EUR 400 per meeting is paid to the members of the Board of Directors' Audit Committee as a meeting fee for each meeting they attend. However, no separate meeting fee is paid to the Chair of the Audit Committee. No separate meeting fees are paid to the members of the Personnel and Remuneration Committee, which was established on 6 September 2023.

In addition, reasonable travel expenses shall be reimbursed to the members of the Board of Directors in accordance with the Company practice applicable at the time, excluding daily allowance. The members of the Board of Directors are not employed by the company and are not covered by the company's incentive or pension schemes.

#### Remuneration and meeting fees of the Board of Directors paid in 2023 and 2022

EUR	2023				2022			
	Annual remuneration				Annual remuneration			
	Share portion	Cash portion	Meeting fees <sup>1</sup>	Total	Share portion	Cash portion	Meeting fees <sup>1</sup>	Total
<b>Timo Luukkainen, Chairman of the Board</b>	26,400	39,600		<b>66,000</b>	26,400	39,600	0	<b>66,000</b>
<b>Jussi Himanen</b>	13,200	19,800	2,800	<b>35,800</b>	13,200	19,800	3,600	<b>36,600</b>
<b>Vesa Korpimies</b>	13,200	19,800	2,800	<b>35,800</b>	13,200	19,800	3,600	<b>36,600</b>
<b>Heikki Mäkijärvi</b>	13,200	19,800		<b>33,000</b>	13,200	19,800	0	<b>33,000</b>
<b>Kai Telanne</b>	13,200	19,800		<b>33,000</b>	13,200	19,800	0	<b>33,000</b>
<b>Mirel Leino-Haltia</b>	19,600	29,400		<b>49,000</b>	19,600	29,400	0	<b>49,000</b>
<b>Total</b>	<b>98,800</b>	<b>148,200</b>	<b>5,600</b>	<b>252,600</b>	<b>98,800</b>	<b>148,200</b>	<b>7,200</b>	<b>254,200</b>

<sup>1</sup> Meeting fees have been entered into the table in the year in which they were paid.

There is no remuneration due to be paid to the Board members based on the year 2023.

### 3. Remuneration of the CEO

The remuneration of the CEO consists of fixed and variable salary components: base salary, fringe benefits, short-term incentives, long-term incentives and additional pension.

**Remuneration of the CEO paid in 2023 and 2022**

EUR	2023	2022
<b>Base salary</b>	279,720	279,983
<b>Fringe benefits</b>	12,373	11,833
<b>Short-term incentives<sup>1</sup></b>	27,255	7,587
<b>Long-term incentives (share-based)<sup>2</sup></b>	6,356	10,857
<b>Total<sup>3</sup></b>	325,704	310,260
<b>Share of fixed pay of total remuneration</b>	89.6%	94%
<b>Share of variable pay of total remuneration</b>	10.4%	6%
<b>Additional pension payment<sup>4</sup></b>	72,450	72,450

<sup>1</sup> Amounts have been entered in the table in the year in which they were paid and are based on the performance from the previous year.

<sup>2</sup> Paid on 31 March 2023 at a share price of EUR 3.53. Paid on 21 March 2022 at a share price of EUR 4.94.

<sup>3</sup> The amounts do not include additional pension payments.

<sup>4</sup> Group pension insurance contribution of EUR 72,450.

A defined contribution supplementary pension is included in the CEO's contract. The payment level of the group pension is 25 per cent of base pay, excluding bonuses, until the age of 65 or termination of employment.

**The CEO's variable remuneration earning opportunity and performance measures**

The CEO is included in the Company's short-term incentive scheme, which is part of the elements of Teleste's variable salary component. The objective of the short-term incentive scheme is to encourage the CEO to execute the business plan and to reward in accordance with that. The Board of Directors decides on the structure, objectives, target levels and prospects of earning of the CEO's scheme:

- In 2022 (Esa Harju), the earnings were based on the Group's EBIT (75% weight) and strategy-linked personal objectives (20% weight) and the launch of the Group's ESG programme (5% weight). The Board of Directors evaluates the fulfilment of the targets at the end of the earnings period. The CEO's maximum earning opportunity was 78.8% of annual base salary (ten months base salary) excluding bonuses. In 2022, the minimum performance threshold was exceeded and the CEO's 2020 STI payout was EUR 27,255, or 11.9% of the maximum earning opportunity of the incentive scheme (9.3% of the annual base salary). The STI bonus was paid in spring 2023.
- In 2023 (Esa Harju), the earnings were based on the Group's EBIT (60% weight), the development of net working capital in 2023 (20% weight), the specification of the Group's ESG programme (5% weight) and strategy-linked personal targets (5% weight). The Board of Directors evaluates the achievement of the targets at the end of the earnings period. The CEO's maximum earning opportunity was 78.8% of the annual base salary (ten months base salary) excluding bonuses. In 2023, the minimum level was not exceeded, and no bonuses will be paid.

The CEO is included in the Company's long-term incentive scheme, which is part of the elements of Teleste's variable salary component. The objective of the long-term incentive scheme is to encourage the CEO to execute the long-term strategy and to increase shareholder value and reward the CEO accordingly.

- The share-based incentive payment for the CEO during the year 2023 was based on the long-term incentive scheme 2018 (LTI 2018) (plan period 2019-2021). CEO Esa Harju participated in this programme in his role as an SVP at Teleste at the time. The elements in the scheme included a matching share plan (ratio 2:1) and a performance matching plan. The performance criterion for the performance share plan was the Absolute Total Shareholder Return in the measurement period of 2020-

2022. The maximum combined earning opportunity for these two elements was 60% (EUR 112,320) of Esa Harju's 2020 annual base salary excluding bonuses. The CEO's payout based on a fixed matching element was 3.4% (EUR 6,356) of his 2020 annual SVP base salary. There was no payout based on the performance matching element as the minimum performance threshold was not met.

**The CEO is included in the following ongoing long-term incentive schemes**

	<b>Performance Matching Share Plan 2021-2023<sup>1</sup></b>	<b>Performance Matching Share Plan 2022-2024</b>	<b>Performance Matching Share Plan 2023-2025</b>
Earning opportunity: fixed matching shares (matching ratio 2:1)	1,750 shares	4,125 shares	6,250 shares
Earning opportunity: performance shares	21,000 shares	66,000 shares	75,000 shares
Max earning opportunity (% of base pay)	60.0%	110.3%	105.7%
Performance measure (for performance shares)	Absolute Total Shareholder Return	Absolute Total Shareholder Return and cumulative adjusted EBIT	Absolute Total Shareholder Return and cumulative adjusted EBIT
Pay-out year	2024	2025	2026

<sup>1</sup> CEO Esa Harju participated in this programme in his role as an SVP at Teleste at the time

Teleste adheres to a shareholding recommendation for the CEO as described in the Teleste Remuneration Policy.