

**SPINNOVA®**

20  
REMUNERATION REPORT  
21

# Introduction

This remuneration report for the financial year 2021 (the “Remuneration Report 2021”) describes the remuneration of the Board of Directors and the CEO of Spinnova Plc (“Spinnova” or the “Company”). The Remuneration Report 2021 has been prepared in accordance with the reporting requirements of the Corporate Governance Code 2020 of the Finnish Securities Market Association and the applicable legislation.

Trading in Spinnova’s shares began on the Nasdaq First North Growth Market Finland marketplace on 24 June 2021. Spinnova’s remuneration policy (the “Remuneration Policy”) will be presented to the Annual General Meeting of Spinnova for the first time in the Annual General Meeting 2022, to be held on 5 May 2022 for an advisory vote. After that, the Remuneration Policy will be presented to the Annual General Meeting at least every fourth year and always if significant changes are proposed to it. Also the Remuneration Report 2021 will be presented to the Annual General Meeting 2022.

The Remuneration Policy has been applied in the remuneration of Spinnova’s Board of Directors and the CEO already during the financial year 2021. Spinnova’s Remuneration Policy presents the remuneration framework for the members of Spinnova’s Board of Directors, and the CEO. There were no deviations to the Remuneration Policy in the remuneration paid in 2021 and reported here. No clawbacks of the remuneration took place during the financial year 2021.

This Remuneration Report 2021 includes the principles governing the remuneration of the members of the company’s Board of Directors and the CEO and a description of the practical implementation of the Remuneration Policy. The Report also includes the remuneration paid to the members of the Board of Directors and CEO in the financial year 2021.

## KEY REMUNERATION PRINCIPLES

The purpose of Spinnova’s Remuneration Policy is to support the Company’s strategic goals and promote its competitiveness and long-term financial success. The objective of the remuneration is to encourage and reward the management for work that is in line with the Company’s strategy at a given time and for compliance with the set rules, as well as to motivate them to strive for the success of the Company and foster their long-term commitment to the Company’s goals. The Company’s remuneration supports achieving strategic targets, profitability, and increased shareholder value.

Well-functioning and competitive remuneration is also an essential tool for engaging competent directors and executives for the Company. This, in turn, contributes to the financial success of the Company, and the implementation of good corporate governance.

# Business development of the Company and remuneration

Spinnova transforms the way textiles are manufactured globally. Based in Finland, Spinnova has developed a breakthrough technology for making textile fibre out of wood or waste, such as leather, textile or food waste, without harmful chemicals.

The patent protected SPINNOVA® fibre creates zero waste and side streams or microplastics, and its CO<sub>2</sub> emissions and water use are minimal. SPINNOVA® materials are quickly biodegradable and circular. Spinnova is committed to using only sustainable raw materials such as FSC certified wood and waste.

Spinnova's mission is to produce the most sustainable textile fibres and materials in the world for the benefit of the environment and humanity.

Spinnova aims to be a global leader in the sustainable textile materials market. Spinnova intends to continue expanding its production capacity and establish more partnerships with apparel brands and textile manufacturers.

Spinnova's shares (SPINN) are listed on the Nasdaq Helsinki First North Growth Market.

## AVERAGE REMUNERATION

EUR	2018	2019	2020	2021
Chair of the Board	-	-	-	12 000
Other Board members (opting in) on average	-	-	-	12 000
CEO	159 739	162 012	153 984	280 331
Spinnova's employee remuneration on average <sup>1)</sup>	68 013	79 639	63 247	83 787
<b>Key business figures</b>				
Net sales (000s)	190	758	254	6 063
Number of personnel (on average)	13	18	34	49

<sup>1)</sup> The average remuneration of Spinnova's employees (excluding the CEO) was calculated as follows: wages and bonuses and pension expenses of all employees for the period minus the CEO wages and bonus and pension expenses divided by average number of personnel for the period.

# Remuneration of the Board of Directors

Decisions concerning the remuneration of the Board of Directors are made by the Annual General Meeting for a single term of office at a time based on a proposal of the Board.

The remuneration of the Board of Directors can consist of one or more components. The Board of Directors can, for instance, be paid an annual or a monthly fee as well as a meeting fee for board meetings or committee and governing body meetings. In addition to the board fees, the Board members may be compensated for travelling expenses and/or other costs directly incurred by the board work as decided by the general meeting. Board members may also be compensated with a long-term stock option plan in order to align the interests of board members, the Company and shareholders.

Remuneration paid to the Board members can be paid in cash and/or shares partially or in full. Decisions concerning the distribution of the Company's shares, stock options, or other special rights entitling to shares shall be made in the General Meeting or by the Board of the Company pursuant to an authorization from the General Meeting.

The members of the Company's Board are not eligible for short-term incentive plans paid in cash based on their position as a member of the Board.

## REMUNERATION IN 2021

The Annual General Meeting of the Company held on 10 May 2021 resolved on the remuneration of the Board of Directors. Pursuant to the resolution, following the listing of the company, from July 2021 onwards a monthly fee of EUR 2 000 is paid to each member of the Board of Directors. No separate meeting fees nor fees of committee members are paid.

The remuneration paid or due to the members of the Board of Directors followed the decision of the Annual General meeting and totalled EUR 36 000.

Ilkka Kivimäki, Gert Kroner, Hanna Liiri and Vinicius Nonino opted not to receive the monthly fee payable to the Board members.

For the financial years 2018–2020, no annual remuneration or meeting fees were paid to the members of the Board of Directors.

## CONSULTANCY AGREEMENTS

The Company entered into a consultancy agreement on 29 December 2020 with a company controlled by Timo Soininen, the Chair of the Company's Board of Directors, and on 8 February 2021 with a company controlled by Harri Sundvik, a member of the Company's Board of Directors, that will apply to services rendered from 1 January 2021.

Both consultancy agreements are valid until further notice and can be terminated by either contracting party by 60 days' notice. Under the agreements, the Company has undertaken to pay a monthly fee to the companies that are parties to the agreements. The monthly fees for the consulting services totalled EUR 97 926 in 2021. In addition a bonus related to the successful completion of Spinnova's initial public offering was paid to these companies for a total of EUR 14 thousand. These services are not part of the duties of the Chair of the Board of Directors and that of a Board member, and accordingly are not part of that remuneration.

Member of the Board	Total remuneration (paid or due), EUR
Timo Soininen	12 000
Ilkka Kivimäki	0
Gert Kroner	0
Hanna Liiri	0
Juha Salmela	12 000
Vinicius Nonino, since March 2021	0
Harri Sundvik, since March 2021	12 000
<b>Total</b>	<b>36 000</b>

# Remuneration of the CEO

The Company's Board of Directors determines the salary, remuneration and other benefits received by the CEO of the Company.

The CEO's remuneration is primarily comprised of a monthly salary, employee benefits, and variable bonuses as well as possible long-term incentive schemes and commitment programmes, the use of which is at the sole discretion of the Board of Directors. In addition, the CEO can be granted a separate, reasonable supplementary pension arrangement or other possible benefits to ensure that a competent CEO is committed to the Company's development.

## FIXED SALARY

The fixed monthly salary is confirmed in the managing director agreement. A part of the salary can be replaced with a housing benefit or a car benefit. The CEO's professional competence and responsibilities as well as the general salary level in similar positions are taken into account when determining the CEO's fixed salary. In 2021, the CEO Janne Poranen's fixed monthly salaries paid totalled EUR 190 799 (EUR 107 076 in 2020). The monthly salary was increased in June 2021.

## VARIABLE BONUS

The variable bonus is bound to the financial success of the Company as well as the achievement of the Company's strategic goals. The Company's Board of Directors determine the accumulation criteria for the variable bonus as well as the goals set for each criterion at the beginning of each accumulation period, and it assesses the fulfilment of the bonus at the end of the

accumulation period in connection with the CEO's annual performance evaluation. The criteria defined by the Board may consider matters such as the Company's commercial progress, turnover, operating profit, stability of customers, efficiency of operations, employee satisfaction, the progress of product development, and product-group specific growth.

The Board of Directors decide on a case by case basis the possible long-term incentives and commitment programmes that will be granted to the CEO. Any bonuses paid to the CEO on the basis of the variable bonus scheme as well as on the basis of the long-term incentive schemes and commitment programmes can be paid in cash and/or shares partially or in full.

In 2021, Spinnova's bonus program focused on the company's key priorities, and it included a total of nine equally weighted specific targets in the areas of product optimization, development of commercial partnerships and building of corporate support for strategy execution. The payout structure for the annual bonus was based on setting a minimum threshold and maximum threshold for each individual target. Depending on the achievement level of these targets, the total annual bonus would be between zero and three months' salary. Spinnova's entire personnel shared the same annual targets along with the same bonus structure. Based on the bonus program for 2021 and the targets reached, the payout for the CEO was 2.1 months' salary or EUR 46 284 including the statutory pension. The bonus was paid in February 2022.

In 2021 the CEO was paid a one-off bonus totalling EUR 22 354 including the statutory pension for the successful completion of the company's initial public offering. In 2021, the variable remuneration constituted 24 percent of the overall remuneration of the CEO and fixed salary 76 percent.

## KEY PROVISIONS APPLIED TO THE CEO'S EMPLOYMENT

The managing director agreement sets out the key provisions that apply to the CEO's employment. The provisions are agreed corresponding to the valid market practice at the time of signing the agreement.

The CEO's contract may be terminated by the CEO with four months' notice and by the Company with six months' notice. The Company is obligated to continue paying the CEO's salary for the duration of the notice period. Moreover, if the CEO's contract is terminated by the Company without cause, the Company shall pay a severance payment to the CEO corresponding to the CEO's salary for twelve months. If the CEO's contract is terminated by the Company for cause defined in the contract, the Company is not obligated to pay the CEO's salary following the date of termination.

The contract includes non-competition, non-recruitment and non-inducement obligations that apply while the agreement is in force and remain in force for 24 months after the termination of the contract.

The CEO's retirement age is determined by the Finnish statutory pension system and is 65 years 11 months at the earliest under the applicable legislation. He is eligible for the Finnish statutory pension. The Company does not offer a supplementary pension plan.

## REMUNERATION OF THE CEO IN 2021 (EUR)\*

Fixed monthly salary	190 799
Benefits	20 895
Incentives	22 354
<b>Total</b>	<b>234 047</b>

\* Including statutory pension

## REMUNERATION PAID TO THE CEO IN 2022 BASED ON 2021 PERFORMANCE (EUR)\*

INCENTIVES	46 284
------------	--------

\* Including statutory pension

# Stock option programs

The Company has established stock option programs covering, among others, employees, and the members of the Board of Directors and the Management Team of the Company.

## 2018 STOCK OPTION PROGRAM

Spinnova's Annual General Meeting of Shareholders on 14 November 2018 resolved to authorize the Board of Directors to issue up to 50,000 stock options to key persons of the Company. In the resolution of the Board of Directors on 20 December 2018, Spinnova's Board of Directors resolved to issue up to 50,000 stock options pursuant to its authority under the 2018 stock option authorization to selected current or new key persons, advisors, consultants or members of the Board of Directors of the Company for the purpose of incentivising the key resources of the Company. Spinnova's Chief Executive Officer and Board Members are not participants in the 2018 Stock Option Program.

## 2020 STOCK OPTION PROGRAM

The shareholders of the company unanimously resolved on 30 December 2020 to authorize the Board of Directors to issue up to 103,053 stock options to key persons of the Company. In the resolution of the Board of Directors on 30 December 2020, the Company's Board of Directors

resolved to issue up to 103,053 stock options pursuant to its authority under the 2020 stock option authorization to selected current or new key persons, advisors, consultants or members of the Board of Directors of the Company for the purpose of incentivising the key resources of the Company.

Each 2020 stock option entitles the holder of 2020 stock option to 30 new shares at a subscription price of EUR 2.74 per Share. The 2020 stock options consist of two types: A options and B options. 2020 A stock options

vest linearly over a period of 48 months, and vesting is accelerated in the event of a change of control or sale of substantially all assets, but not by the First North Listing. 2020 B stock options vest based on Spinnova's pre-money valuation after First North Listing. One half of the 2020 B stock options vests if Spinnova's pre-money valuation reaches more than EUR 400 million, and the remaining half vest if Spinnova's pre-money valuation reaches more than EUR 1 billion. The subscription period for shares based on the 2020 stock options expires on 31 December 2030 at the latest.

## THE BOARD MEMBERS' AND THE CEO'S PARTICIPATION IN THE STOCK OPTION PROGRAM 2020

Name	Number of Stock Options granted, pcs	Number of shares that can be subscribed for with the options
Timo Soininen, Chair of the Board	6 441 (2020 A Stock Options)	193 230
	25 763 (2020 B Stock Options)	772 890
Juha Salmela, Member of the Board	8 000 (2020 B Stock Options)	240 000
Harri Sundvik	2 500 (2020 B Stock Options)	75 000
Janne Poranen, CEO	8 000 (2020 B Stock Options)	240 000

The subscription price for the shares is EUR 2.74 per share.

# SPINNOVA®

**SPINNOVAGROUP.COM**

+358 20 703 2430

PALOKÄRJENTIE 2-4

FIN-40320 JYVÄSKYLÄ

LUDVIGINKATU 6

FIN-00130 HELSINKI

