

Remuneration Management

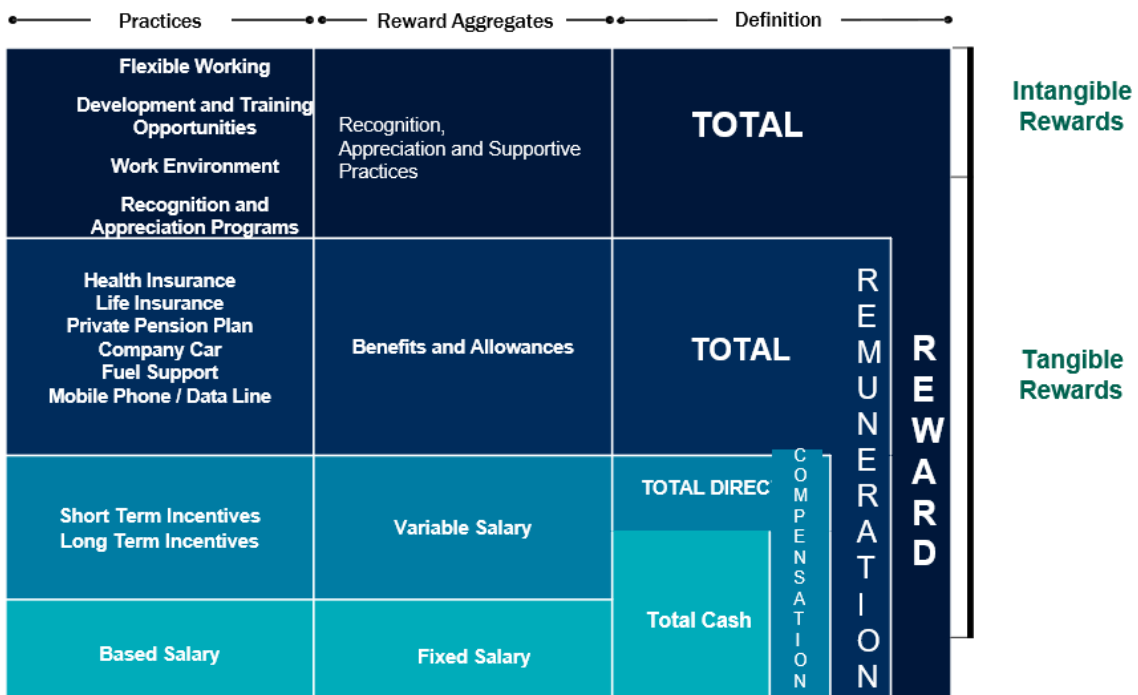
Kordsa operates a balanced and effectively managed remuneration system that provides competitive remuneration packages to attract, retain, motivate and reward employees based on the principle of equal pay for equal work. Remuneration at the Kordsa is determined in accordance with market-based salary practices considering applicable legal and regulatory requirements.

To develop an inclusive culture and respecting the contribution of all employees regardless of gender, age, race, disability or sexual orientation is a key component of our Diversity, Inclusion and Equity Commitment.

The Remuneration Model for all employees, including executive positions, is comprised of fixed remuneration consisting of the base salary, employee benefits, allowances and variable remuneration consisting of short-term and long-term incentive awards.

Remuneration policies are reviewed and updated annually in view of macroeconomic data, regular detailed salary trend reports received from independent surveys based on peer groups and general industry, the size of each company as well as Kordsa’s global long-term goals, individual responsibilities, and in-house and external salary patterns. To support remuneration models with additional benefits, all Kordsa workplaces offer separate fringe benefits schemes with varying content and flexibility based on position status and requirements in line with employee expectations and needs.

Performance expectations are clearly defined and monitored through a structured continuous performance management system by using Objectives & Key Results (OKRs) and Key Performance Indicators (KPIs). Performance results are used to support remuneration decisions.



Variable Remuneration Components

- Short-term (one year) incentives encourage employees to focus their performance on the achievement of key financial and non-financial objectives.
- Long Term (three-year) incentive plan is offered to the Chief Executive Officer to increase share value and provide shareholder perspective, and to reward long-term performance and stability.
- Long Term KPIs for the senior management team are reviewed and defined each year by the Board.
- Both short-term and long-term performance indicators go beyond financial targets and include targets such as sustainability, leadership capability and operational excellence. Depending on the nature of business line or function, Executive Leadership Team's sustainability targets include GHG emission reduction, diversification of sustainable products and services, increasing ESG disclosure and rating scores, enhancing climate risk assessments, issuance of policies such as equality, further embedding ESG into capital allocation decisions, development of programs to eliminate unconscious bias on women and quotas on women candidates for leadership positions.