



Remuneration Policy for Governing Bodies of Wärtsilä

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Introduction

Wärtsilä's Remuneration Principles in connection with the company's purpose and strategy form the basis for the content of the Remuneration Policy for Governing Bodies of Wärtsilä ("Remuneration Policy" or "this Policy"). The objective is to promote long-term financial success, shareholder value, and a performance culture at Wärtsilä. Wärtsilä's Remuneration Policy outlines the terms and conditions of remuneration, as well as the decision-making process for the remuneration of the Board of Directors and the President & CEO. In situations where Wärtsilä would have a Deputy CEO in place, the remuneration would be decided in the same way as that of the President & CEO.

This Policy has been prepared by the People Committee and approved by the Board of Directors. Furthermore, the Policy has been prepared and issued in accordance with the Finnish Corporate Governance Code 2025 and the EU's Second Shareholder Rights Directive 'SHRD II'. The Policy is effective since 4 February 2025, and its validity is to be reviewed by the Board of Directors at a minimum of every 4 years.

Remuneration Principles



Wärtsilä's Remuneration Principles are applicable to all employees, in all countries and businesses. These principles guide the development of remuneration and related practices also for the President & CEO. The Remuneration Principles are designed to attract, retain, and motivate by providing compensation solutions that reward *performance* in delivering business results.

To *align the interest with the stakeholders*, Key Performance Indicators are set to promote long-term financial success and shareholder value.

In being *responsive*, Wärtsilä monitors market movements and changing business requirements whilst ensuring the long-term sustainability of its remuneration practices and incentive programmes.

To evaluate and ensure the *competitiveness* of the remuneration practices, Wärtsilä uses a job grading system. Wärtsilä job grades are linked to evaluation systems used within the external market, and in so doing, both internal equity as well as external competitiveness can be monitored.

Overall, the aim is to have principles and practices that are *transparent* and easy to understand. To ensure alignment and transparency of the pay related decisions, approval by the manager's manager, i.e. a principle of '1-over-1' approval, and cascading of the target setting is followed across all levels at Wärtsilä.

Governance

The Annual General Meeting is ultimately responsible for deciding on issues regarding the Board of Directors' remuneration. The Annual General Meeting decides annually on the fees to be paid to the members of the Board of Directors for one term of office at a time. The proposal for the fees is prepared by the Shareholders' Nomination Board and presented to the Annual General Meeting of Shareholders.

A regular review of the Board of Directors' fees by the Shareholders' Nomination Board is conducted against relevant benchmarks for other Finnish and global companies, taking into consideration the duties and responsibilities of the Board and its Committees.

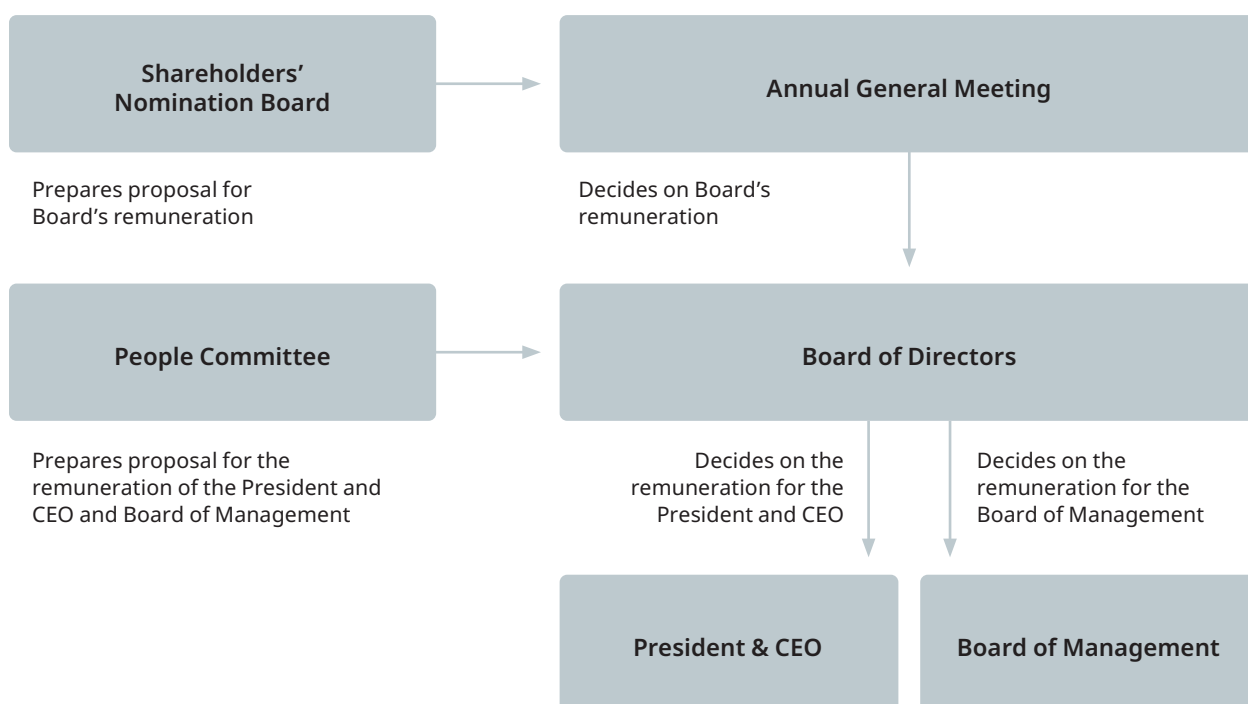
The duties of the People Committee include the preparation of the Remuneration Policy and Remuneration Report for the Governing Bodies of Wärtsilä ("Remuneration Report"), and their presentation at the Annual General Meeting, as well as responding to questions related thereto.

Following the '1-over-1' principle, the remuneration for the President & CEO is prepared by the People Committee and approved by the Board of Directors.

The distribution of shares, options, or share entitlement is determined by the Annual General Meeting. The Annual General Meeting can authorize the Board of Directors to decide on the issuance of the shares as remuneration.

The People Committee evaluates how Wärtsilä's Remuneration Principles have been implemented, and the competitiveness of the President & CEO's remuneration. The President & CEO's remuneration is benchmarked against a relevant peer group, and the benchmark study is reviewed by the People Committee.

Any deviation from the policy is considered as an exception and must be approved by the Board of Directors.



Graph 1: The remuneration decision-making process

Remuneration of the Board of Directors 'The Board'

The Shareholders' Nomination Board's aim is to ensure that the composition of the Board represents a wide variety of competencies and qualifications in order to maximize shareholder value. The Board of Directors' remuneration shall be designed to support this goal and is aligned with Wärtsilä's Remuneration Principles, as appropriate.

The key principles for the review and proposal for the Wärtsilä Board Remuneration, is to;

- Be **competitive** to attract international professionals representing a diverse and relevant mix of skills and experience
- Be **responsive** to provide fees which are considered relevant to market practices, time commitment, and responsibilities of the roles
- **Align** the interests of the Board of Directors with those of the shareholders
- Be **transparent** in disclosure of the Board's Remuneration

Elements that are used to remunerate Wärtsilä Board members are:

Annual fee

The annual fee is intended to be sufficient to attract and retain high-caliber individuals. It aims to align the interests of directors with those of shareholders through payment of the Board remuneration in the form of shares and cash. The cash portion of the remuneration is meant to cover taxes.

Attendance fee

Attendance fees are awarded to Board members for each Board meeting attended. Attendance fees are paid in cash.

Committee fee

Board members may also be members of certain Board Committees and receive an additional fixed fee for such membership. Committee fees are paid in cash.

Board members will be reimbursed for necessary travel according to the Wärtsilä travel policy.

The Annual General Meeting may at its discretion decide to utilize other fees or to pay fees in shares and/or cash.

Fees may vary based on position, workload and responsibility.

The members of the Board are not covered by incentive programmes and do not receive performance-based remuneration, nor do they have a pension scheme arranged by Wärtsilä. The Board members will not receive any other financial benefits for their Board or Committee membership in addition to the fees.

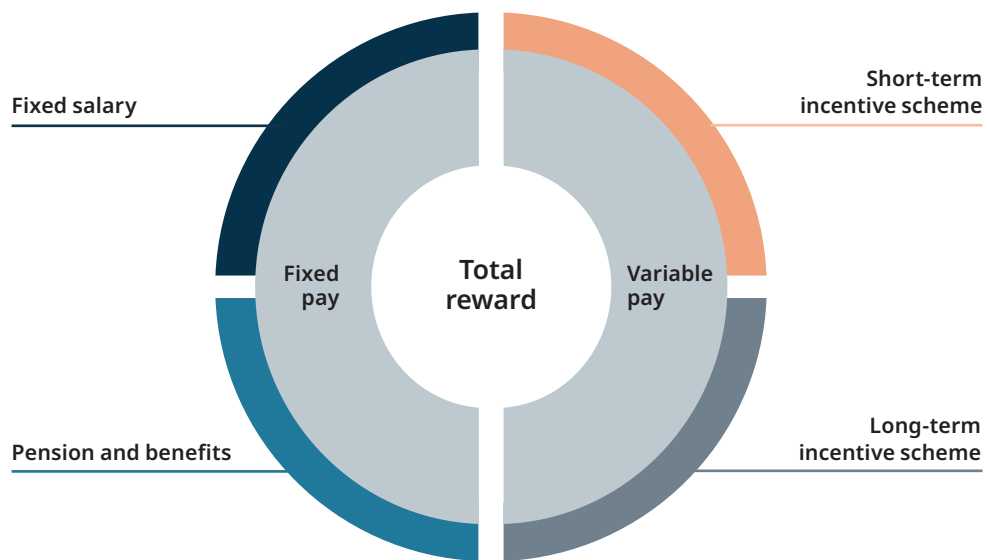
An annual review of the Board of Directors' fees by the Shareholders' Nomination Board is conducted against relevant benchmarks for other Finnish and global industrial companies, taking into consideration the duties and responsibilities of the Board and its Committees.

The fees are proposed to be set at a level that is market aligned and that reflects the qualifications and competences required in view of Wärtsilä's size and complexity, the responsibilities involved, and the amount of time the Board members are expected to allocate in order to discharge their obligations as Board members.

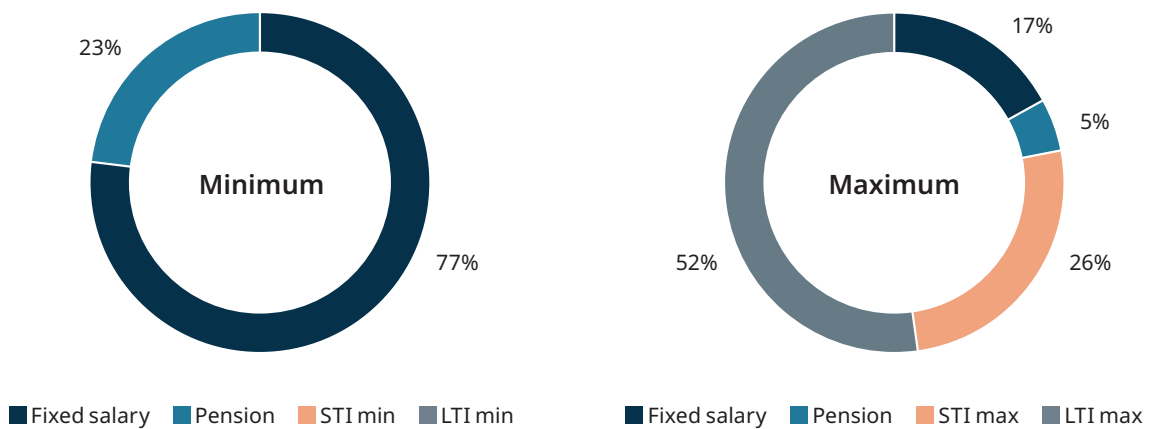
Remuneration of the President & CEO

Remuneration mix and components for the President & CEO

The remuneration mix for the President & CEO consists of fixed and variable performance related pay. The objective is to have a good balance of rewarding elements, and to guarantee a market competitive level of fixed remuneration supported with short- (“STI”) and long-term (“LTI”) incentive schemes aimed at driving company performance and providing an appropriate reward.



Graph 2: The remuneration mix for the President & CEO



Graph 3: The remuneration for the President & CEO, which illustrates remuneration mix with described incentive opportunities and complementary defined contribution pension plan according to prevailing benefit policy. Meeting the maximum level of pay requires exceptional performance from the entire company.

Fixed salary

Definition of fixed salary varies per country based on local legislation and market practice. In Finland, the fixed salary paid to the President & CEO consists of a monthly base salary and fringe benefits.

The fixed salary is defined based on the position's requirements and the individual's level of relevant experience, skills, and competences for the position. The fixed salary is set so as to be competitive in the relevant market. The fixed salary is reviewed annually, taking into consideration the performance of the company and the individual, along with the existing market conditions. The review does not necessarily lead to a salary increase. Statutory increases are being applied as required based on the applicable regulation.

Variable pay

Short-term incentives

The short-term incentive scheme is designed to provide incentives for the achievement of, and reward for, delivery of the short-term business plan. For the President & CEO, the pay-out is based on the achievement of the company's profitability and other financial targets for the financial year, as set by the Board of Directors at the beginning of the appropriate performance periods. Strategic, operational, ESG or individual targets can be used as seen critical as per company strategy. Details of performance measures for each year and how they support the business strategy will be disclosed in the annual remuneration report.

The maximum STI opportunity will be determined annually by the Board of Directors based on market practice and performance subject to an overall cap of 150% of fixed salary. Maximum STI opportunity applied for a given year will be disclosed in the annual remuneration report.

The People Committee reviews, and the Board of Directors approves, the STI plan realization against the set targets before the pay-out. Short-term incentive is paid in cash shortly following the year-end.

Long-term incentives

The long-term incentive scheme is designed to align the interests of participants with those of Wärtsilä's shareholders.

The long-term incentive scheme is issued on annual basis, and each scheme has a three-year performance period.

Performance measures, weightings, and targets for these selected measures are set by the Board of Directors to ensure that they continue to support Wärtsilä's long-term strategy. Performance measures may include financial, share-price related, operational, strategic, sustainability and ESG measures. Details of performance measures for each year and how they support the long-term strategy will be disclosed in the annual remuneration report. The maximum LTI opportunity will be determined annually by the Board of Directors based on market practice and performance subject to an maximum overall cap of 300% of fixed salary at grant. Maximum LTI opportunity applied for a given year will be disclosed in the annual remuneration report.

The People Committee reviews, and the Board of Directors approves, the scheme realization against the set targets before the pay-out. The long-term incentive is paid shortly following the performance period. The pay-out can be made in cash and/or in shares.

Pension and benefits

The pension and other benefits are intended to be competitive in the relevant market and may evolve year-on-year. The President & CEO participates in the company specific pension scheme in addition to any statutory requirements in the relevant country. The retirement age is based on the retirement scheme of the national social security system to which the person in question belongs. The current President & CEO is eligible to take retirement upon reaching the age of sixty-three (63). His pension scheme is a defined contribution plan with contribution of 30% of the annual fixed salary.

Wärtsilä's benefit arrangements are aimed at building a healthy organization and providing an energy boost that results in sustainable high performance, both at the individual and company levels. For the President & CEO, Wärtsilä provides regular health checks and health counselling. Wärtsilä may provide a company car to the President & CEO. Considering the company's environmental responsibility and its seeking of more environment-friendly solutions, hybrid or low emission cars are recommended.

Various insurance policies, such as medical, disability, life and travel, are provided to mitigate risk in unpredictable life events, and the President & CEO is eligible to participate in programs which may be offered to Wärtsilä's other employees at any given point, payable in cash or shares.

Additional benefits and allowances may be offered in case of relocation or international assignment, such as for example relocation support, expatriation allowance, tax equalization, reimbursement for international schools, housing support in accordance with Wärtsilä's International Mobility framework, and other benefits which reflect local market practice. Further information regarding the benefits and pension arrangements for current President a& CEO is disclosed in the annual remuneration report.

In case of new hires, buy-out awards to compensate the candidate for remuneration which the candidate had held prior to joining Wärtsilä's, but which had lapsed upon the candidate leaving their previous employer may be made. The rationale and details of any such arrangement made either in shares or cash is disclosed in the annual remuneration report.

Share ownership

The President & CEO is expected to accumulate and once achieved, maintain a share ownership in Wärtsilä that at least corresponds to the individual's annual gross fixed salary.

Notice period and Severance Pay

The agreement expires without notice upon retirement of the President & CEO. The agreement can be terminated by either party. The term of notice by both, the Company and President & CEO, is six months. Remuneration paid to the President & CEO, if dismissed by the Company, corresponds to 18 months' salary plus the six months' period of notice salary.

Deferral and clawback of remuneration

Variable pay awards (STI and LTI awards) are subject to malus (adjustment before pay-out) and clawback (reclaimed after pay-out) provisions, which can be applied in case of material misstatement, misconduct or a significant environmental or health and safety issue or any other circumstance as determined by the Board of Directors at its discretion.

Requirements for temporary deviations

The Board may decide to temporarily deviate from any sections of this policy in the following, pre-defined circumstances:

- President & CEO and Deputy CEO appointment, and nomination of the interim CEO
- Change of ownership or corporate structure
- Change in applicable legislation or regulation
- Substantial change of the business strategy, company operations, governance structure, financial position or market circumstances or other justified reason to adjust remuneration of the incumbent CEO, or
- Other exceptional circumstances affecting the company where the deviation is required to serve the long-term interests and sustainability of the company as a whole or to assure its viability.

In case any deviation from the policy is applied, the company will disclose such a deviation in the annual remuneration report. If the company considers the deviating from the policy to have continued to the point that it can no longer be deemed temporary, the company will prepare a new Remuneration Policy to be presented at the next possible AGM.



Approved by
Wärtsilä Board of Directors.

Effective as of 4.2.2025.

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