



**REMUNERATION
POLICY 2025
AND REPORT 2024**



Remuneration Policy 2025

Introduction

This Remuneration Policy describes the main principles for the remuneration of VR's Board of Directors, Supervisory Board, President and CEO, and Leadership Team, as well as the decision-making process related to remuneration. The document adheres to the Finnish Government's resolution on ownership steering policy and is prepared in accordance with the Finnish Corporate Governance Code 2025 and the EU Shareholder Rights Directive.

REMUNERATION DECISION-MAKING PROCESS

The bodies involved in the decision-making process for remuneration at VR are the General Meeting, the Board of Directors, and the Board's People and Culture Committee. No governing body may determine its own remuneration, nor participate in decision-making in situations that conflict with the interests of the body or of the individual who is a member of that body. The defined remuneration processes aim to prevent conflicts of interest and ensure fairness and impartiality in remuneration-related decision-making.

The People and Culture Committee prepares the Remuneration Policy and the Remuneration Report, which the Board of Directors approve and present to the Annual General Meeting (AGM) each year. While the AGM's decision is advisory, remuneration must comply with the Remuneration Policy presented to the AGM. The Remuneration Policy remains in effect until the following year's AGM, unless the Board deems it necessary to make significant changes. In this case, the changes must be presented to the AGM. The Remuneration Policy is published on the company's website.

The Board's People and Culture Committee prepares the remuneration schemes for VR's President and CEO and Leadership Team members. The People and Culture

Committee also prepares the company's remuneration principles for Board approval. The Board decides on the CEO's remuneration and annually approves the structures, performance criteria, target levels and other governance rules for the short-term and long-term incentive schemes for the CEO and Leadership Team members, in line with the Remuneration Policy. The AGM decides on the annual remuneration of the members of the Board and its committees.

Remuneration principles

VR complies with the guidelines for management remuneration and pension benefits in Finnish state-owned companies. VR aims to align remuneration with prevailing market practices and to reward management for sustainable performance.

The objective of remuneration is to promote the implementation of the company's strategy, business objectives and long-term profitability. Remuneration encourages personnel to act in accordance with the company's strategic business and corporate responsibility objectives, fostering engagement, motivation and strong performance.

Corporate responsibility is integral to VR's strategy and is embedded in daily business operations. The company's Leadership Team regularly guides and monitors the development of the corporate responsibility program and the achievement of its objectives. Progress in these areas is considered when determining appropriate remuneration.

Safety is also a key criterion affecting remuneration. In the event of a serious safety deviation, the Board may, at its discretion, withhold the payment of short-term incentive scheme rewards, either partially or entirely. This may apply in cases such as an employee or customer's

accidental death, or other severe or far-reaching safety deviations in the company's operations.

VR strives for transparency and consistency in remuneration. The remuneration scheme and its fairness, reasonableness and competitiveness are reviewed regularly. These principles guide remuneration throughout the organization.

Remuneration of the Board of Directors

Members of the Board of Directors receive a fixed annual monetary fee, while higher fees may be applicable for roles such as Chair or Vice Chair. In addition, members are paid meeting fees for attending Board and committee meetings, and are reimbursed for travel expenses related to these meetings. Members may also be granted a free VR rail pass.

Board members are not employed by VR and thus are not included in the company's other remuneration schemes or variable incentive schemes.

Remuneration of the Supervisory Board

Members of the Supervisory Board are paid meeting fees and reimbursed for travel expenses for attending meetings. The fee and reimbursement amounts are determined based on the member's role or position. Members may also be granted a free VR rail pass.

Supervisory Board members are not employed by VR and thus they are not included in the company's other remuneration schemes or variable incentive schemes.

Remuneration of the CEO and Leadership Team

The remuneration of the CEO and Leadership Team follows VR's remuneration principles, supporting the company's strategic, financial and corporate responsibility objectives. The aim is to foster the engagement of key personnel and to align their interests with those of shareholders.

The Board of Directors decides on the remuneration of the President and CEO and the Leadership Team. Their total compensation package includes a cash salary and benefits in kind – such as a company vehicle, meals and mobile phone – in accordance with company policy.

The CEO and Leadership Team are included in short-term and long-term incentive schemes. The purpose of the incentive schemes is to guide the CEO's actions towards achieving the company's strategy and increasing the company's value over the long term. Performance metrics are based on financial, strategic and operational criteria, and are aligned with the remuneration criteria for other management and the broader organization. The Board decides annually on initiating potential new earning periods for the incentive schemes.

The CEO and Leadership Team's remuneration complies with applicable guidelines for the remuneration of management in state-owned companies. These guidelines state that the total variable pay that is based on achieving objectives shall not exceed 50% of the recipient's fixed annual salary. In the case of exceptionally good performance, total maximum payable rewards can amount to 120% of the fixed annual salary.

The CEO and members of the Leadership Team do not have supplementary pensions.

SHORT-TERM INCENTIVE SCHEME (STI)

The Short-Term Incentive Scheme (STI) is a cash-based incentive scheme with a performance measurement period of one calendar year. It rewards the achievement

of the company's short-term strategic business plans and objectives. The objectives of the CEO and Leadership Team members are based on the company's financial and strategic goals, including business-specific objectives.

The company's performance is a key financial metric to ensure VR's profitability. Strategic criteria emphasize the importance of strategic development and business renewal. Safety and employee engagement metrics are also a significant part of the short-term incentive program. In 2024, the maximum reward for the CEO was 50% of fixed annual salary and for other Leadership Team members 40% of fixed annual salary.

The Board decides annually on the structure, performance criteria and target levels for the CEO and Leadership Team's STI programs. Any reward is paid after the conclusion of the financial year and following the approval of the financial statements. The recipient is required to be in an active employment relationship with the company. The Board makes the final decision on the payment of rewards and may at its discretion cancel, defer or adjust the payout.

LONG-TERM INCENTIVE SCHEME (LTI)

The Long-Term Incentive Scheme (LTI) supports the company's long-term success and value growth. It is a cash-based incentive scheme based on the company's performance, rewarding key personnel for achieving long-term objectives. The purpose is to offer a competitive remuneration package and foster the engagement of key personnel. The targets of the CEO and the executive team are based on the company's long-term financial and strategic objectives. Return on capital employed serves as the key financial metric in the system to monitor profitability. Measuring cost efficiency highlights the importance of the company's renewal. Emission targets are an essential part of the corporate responsibility program and thus also a part of VR's management long-term incentive program.

Since 2021, the emphasis on variable pay for management has shifted from short-term to long-term

incentives. This change has been gradually phased in so that the proportion of short-term incentives in total remuneration decreases and the proportion of long-term incentives increases, while ensuring that the total annual amount of target rewards does not decrease. The target level for the weighting of STI and LTI incentive programs in the total remuneration of the CEO and Leadership Team was achieved in the programs started in 2024.

Maximum Rewards for Long-Term Incentive Schemes (LTI)

LTI 2023–2024	CEO 50%, Leadership Team 20%
LTI 2023–2025 and LTI 2024–2026	CEO 70%, Leadership Team 40%
LTI 2025–2027	CEO 70%, Leadership Team 40% or 50%

The Board decides annually on the structure, performance criteria and target levels for the CEO and Leadership Team's long-term incentive programmes. Any reward is paid after the conclusion of the financial year and following the approval of the financial statements. The recipient is required to be in an active employment relationship with the company. The Board makes the final decision on the payment of rewards and may at its discretion cancel, defer or adjust the payout. The terms for paying rewards when employment is terminated during an earnings period are defined in the reward program.

Maximum Potential Variable Pay for President and CEO and Leadership Team Relative to Fixed Annual Salary for Programmes Starting in 2024 and Thereafter

	STI	LTI	Total
CEO	50%	70%	120%
Leadership Team	40%	40% (50%*)	80% (90%)

* Effective from 2025 for some Leadership Team members

PRESIDENT AND CEO'S PENSION AND OTHER KEY TERMS

The retirement age and pension of the President and CEO are defined in the Finnish Employees' Pensions Act. No supplementary pensions are paid.

The President and CEO's service contract defines key conditions, such as the applicable notice period and amount of severance pay. During the notice period, the President and CEO's salary and severance pay shall not exceed 12 months' fixed salary.

Purpose and Description of President and CEO and Leadership Team Remuneration Components

Remuneration Component	Purpose and Link to Strategy	Description and Practice
Fixed Base Salary and Benefits in Kind	Provide competitive and reasonable fixed compensation and benefits that support recruitment, well-being and engagement.	Base salary is determined based on individual skills, experience, work contribution, internal salary structure and external market level. Typical benefits include phone, company vehicle and health insurance. The level of benefits granted is determined by the local market practice in the country of employment.
Pension	The retirement age of the President and CEO and members of the Leadership Team is defined in accordance with applicable employment pension legislation. Supplementary pensions are not used for remuneration.	
Short-Term Incentive	Short-term incentive schemes support achieving the company's short-term financial and corporate responsibility objectives.	Short-term incentive scheme rewards are paid in cash. The earning period is one year. The board determines the final reward level upon confirmation of the achievement of objectives at the conclusion of the earnings period.
Long-Term Incentive	Long-term incentive schemes support the company's long-term financial and sustainability objectives, align the interests of management and shareholders, and foster the engagement of key personnel.	Long-term incentive scheme rewards are paid in cash, and no share-based schemes are used. The earnings period is typically three years. The board determines the final reward level upon confirmation of the achievement level of objectives at the conclusion of the earnings period.
Reward Reclaim and Deferral	Ensure that rewards are based on actual achievements.	Rewards can be cancelled, deferred or adjusted by a unilateral decision of the Board if necessary.

A one-time reward scheme covers all company personnel (excluding the President and CEO). Leadership Team members may be rewarded for outstanding performance. The reward is discretionary and can be up to a maximum of two months' salary. The Chair of the Board decides to pay the reward based on the President and CEO's proposal.

DEVIATION FROM THE REMUNERATION POLICY

Based on the recommendation of the People and Culture Committee, in the following cases the Board may at its discretion temporarily deviate from the Remuneration Policy:

- Change of President and CEO or other Leadership Team member
- Changes in applicable legislation or ownership policy guidelines
- Significant changes in the Group's structure
- Other circumstances requiring deviation to safeguard the long-term interests and sustainability of the entire VR Group, or to ensure operational capacity

Remuneration Report 2024

Introduction

This Remuneration Report describes the remuneration of VR Group's Board of Directors, Supervisory Board, Chief Executive Officer (CEO) and Leadership Team for 2024. The remuneration practices adhere to the Finnish Government's resolution on the ownership steering policy. This report is prepared under the Finnish Corporate Governance Code 2025 and the EU Shareholder Rights Directive.

REMUNERATION PRINCIPLES IN 2024

VR's remuneration framework aims to incentivize individuals and the organization to work in alignment with the company's strategic objectives. The system also aims to foster employee engagement, encourage strong performance, and reward the achievement of set targets.

The remuneration of the company's Board of Directors, President and CEO, and Leadership Team followed the 2024 Remuneration Policy.

The table below details the remuneration of VR's Board of Directors, President and CEO, Leadership Team and other personnel. The company's financial performance from 2020 to 2024 is also listed. The remuneration of the President and CEO and the Leadership Team includes base salary, benefits in kind, and variable pay based on the previous year's financial and non-financial targets.

Year-on-Year Development	2020	2021	2022	2023	2024
Board of Directors fees paid (EUR)	284,637	304,450	345,400	320,697	279,100
President and CEO remuneration (EUR)*	480,242	448,721	787,484	379,177	681,133
Leadership Team remuneration (EUR)	2,044,004	1,795,270	1,767,514	2,244,003	2,881,792
Personnel remuneration (average in EUR)**	50,154	52,879	48,662	54,910	56,119
Company financial performance					
Revenue (EUR M)	792	838	1,107	1,224	1,295
Comparable operating profit (EUR M)	-26	-14	6	60	85

* In 2022, the CEOs were Sipponen (until 4 April 2022), Simola (until 29 August 2022), and Markula (from 30 August 2022). The total amount includes Sipponen's severance pay and pay for the notice period of EUR 380,000.

** Salaries and fees paid according to the company's financial statements (excluding pension and other social costs), divided by the average number of person-years.

Remuneration of the Board of Directors in 2024

The Board of Directors oversees the company's management and ensures the appropriate organisation of operations. The remuneration of the Board is determined annually at the Annual General Meeting (AGM). The remuneration consists of a fixed annual fee, which varies depending on the member's position on the Board, and meeting fees for attending meetings of the Board and its committees. Board members are not included in the company's other remuneration schemes.

Remuneration in EUR payable to Board members determined at the 2024 AGM

Chair of the Board	€54,750 per year
Vice Chair of the Board	€25,800 per year
Member of the Board	€22,800 per year

In addition, Board members are paid a meeting fee of EUR 600 per meeting for both Board and committee meetings. Board members outside Finland receive double the meeting fee if they travel to a meeting outside their country of residence.

The total annual and meeting fees decided by the AGM remained unchanged from the previous year. However, the AGM approved an addition regarding meeting fee payment to Board members outside of Finland.

The total remuneration of the Board of Directors in 2024 was EUR 279,100.

The table below presents the fees paid to the Chair, Vice Chair and other Board members in 2024. In addition to these fees, Board members are entitled to a free VR rail pass.

Board of Directors Remuneration in 2024	Annual Fee	Board Meetings	Committee Meetings	In total
Chair				
Esa Rautalinko	€54,750	€12,000	€3,600	€70,350
Vice Chair				
Sari Pohjonen	€25,800	€11,400	€3,600	€40,800
Board members				
Pekka Hurtola	€22,800	€12,000	€3,600	€38,400
Nermin Haireidin	€22,800	€12,000	€3,600	€38,400
Virve Laitinen*	€5,700	€2,400	€1,200	€9,300
Jaakko Kiander*	€5,700	€2,400	€1,200	€9,300
Markus Holm	€22,800	€12,000	€3,600	€38,400
Torborg Chetkovich**	€16,150	€15,000	€3,000	€34,150
Turkka Kuusisto***	€0	€0	€0	€0

* Board member until the AGM on 16 April 2024.

** Board member from the AGM on 16 April 2024.

*** Board membership ended on 11 January 2024, no remuneration has been paid.

Remuneration of the Supervisory Board in 2024

The remuneration of the Supervisory Board is determined annually at the Annual General Meeting (AGM). In 2024, the following meeting fees were paid to the members of the Supervisory Board, as decided by the AGM on 16 April 2024:

Meeting compensation in EUR payable to Supervisory Board members determined at the AGM in 2024

Chair of the Supervisory Board	€800 per meeting
Vice Chair of the Supervisory Board	€600 per meeting
Member of the Supervisory Board	€500 per meeting

In 2024, the total remuneration paid to the Supervisory Board was EUR 16,100. This includes fees for the Chair, Vice Chair, regular members and staff representatives. In addition to these meeting fees, Supervisory Board members received a free VR rail pass.

Supervisory Board Remuneration in 2024

Chair	
Markku Eestilä	€2,400
Vice chair	
Vilhem Junnila	€1,200
Members	
Kaisa Garedeu	€1,500
Hanna Holopainen	€500
Tuomas Kettunen	€1,500
Teemu Kinnari	€1,500
Arto Luukkanen	€1,500
Lauri Lyly	€1,500
Niina Malm	€500
Anna Mäkipää	€1,000
Martin Paasi**	€1,000
Aura Salla*	€500
Juha Viitala	€1,500

* Supervisory Board member until 3 September 2024

** Supervisory Board member from 3 September 2024

President and CEO Remuneration in 2024

The President and CEO's remuneration consists of a fixed salary with benefits in kind, as well as variable pay components (STI and LTI schemes).

Their maximum variable pay relative to fixed salary is determined by following the Finnish Government's ownership policy guidelines. The Board considers the company's strategy and long-term objectives when defining performance metrics and targets for short-term and long-term incentives. The incentive schemes aim to guide the CEO's actions towards achieving the company's strategic goals and increasing the company's value over the long term. The performance metrics are based on financial, strategic and operational criteria, aligned with the remuneration criteria for other managers and the broader organisation.

In 2024, Elisa Markula served as President and CEO for the entire year (1 January 2024 – 31 December 2024). The variable component of Ms. Markula's remuneration was 42.6% of her total compensation for 2024.

The President and CEO Remuneration in 2024

President and CEO Markula	€
Base salary (including benefits in kind)	390,950.71
Short-term incentive scheme (STI), performance period 2023	157,512.90
Long-term incentive scheme (LTI), performance period 2022–2023	132,669.54
Total	681,133.15

Proportion of Fixed and Variable Pay	57.4% / 42.6%
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Leadership Team Remuneration in 2024

In 2024, the Leadership Team's remuneration consisted of a fixed base salary with benefits in kind and variable pay (STI, LTI). The Board decides annually on the Leadership Team's remuneration, performance metrics, and the criteria for incentive schemes. The criteria for Leadership Team remuneration are aligned with the criteria for the President and CEO. The company's Leadership Team had twelve (12) members in 2024.

Leadership Team Remuneration in 2024

Leadership Team	€
Base salary (including benefits in kind, holiday pay/compensation)	2,236,691.41
Short-term incentive scheme (STI), performance period 2023	488,642.64
Long-term incentive scheme (LTI), performance period 2022–2023	156,457.82
Total	2,881,791.87

Proportion of Fixed and Variable Pay	77.6% / 22.4%
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